

THE MALAYSIAN INSTITUTE OF ACCOUNTANTS

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BUBBLE TROUBLE?

IS THERE MORE AIR THAN
SUBSTANCE TO WHAT SEEMS LIKE
A GROWING PROPERTY BUBBLE?



- + BUDGET 2011 -
FOUNDATION FOR A NEW
ECONOMIC MODEL?
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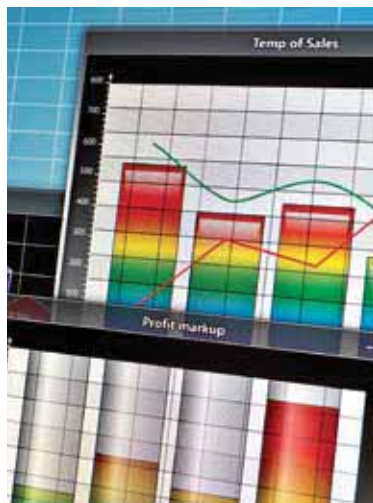
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Riding the Gravy Train



Is there more air than substance to what seems like a growing property bubble, especially in the high-end of real estate?

Memories are short. People might have lost money during the recent economic downturn as asset values nosedived, but they're doing their darndest to recover their losses – and even making a killing – as the property market goes into bullish mode. However, are they being foolhardy? Is there more air than substance to what seems like a growing property bubble, especially in the high-end of real estate? Our writer weighs the evidence.

Irrevocably linked to the property sector is the banking sector where valuations and growth stories look compelling, and could spur further action in equities, which was recently upgraded to “overweight” by Morgan Stanley in June. However, moves by regulators to cool down speculation in real estate could dampen banking growth.

It's highly likely that new regulations or incentives will be unveiled in the 2011 Budget, which is right around the corner. Our economist ponders what the government has in store for companies and consumers, in light of the avowed objective to migrate the economy upwards and out from the middle-income trap.

In our trends pages, lifestyle correspondent Anis Ramli checks out Malay traditional therapies that could enhance wellbeing and put Malaysian holistic treatments on the global map. She also puts a fresh perspective on the hidden gems of Langkawi, which in her words, is fast becoming another Phuket. This is especially apt because in our quest to become innovative and inspiring, Malaysia must find its own unique ways to excel. We have to find our own voice in the babel of globalisation.

Being different and memorable is the key. And that's exactly what we hope to achieve at the WCOA 2010 which is just 39 days away as of 1 October 2010. Not only are we the first ASEAN country to host the congress, we're on course to deliver the global experience of a lifetime to the diversified – and record-breaking audience of 6,000 delegates expected from over 100 countries.

We hope to see you there. ■

EDITOR

DECISION OF THE DISCIPLINARY COMMITTEE OF THE MALAYSIAN INSTITUTE OF ACCOUNTANTS NOTICE

The Council of the Malaysian Institute of Accountants hereby gives notice that on 21 May 2010, after due inquiry by the Disciplinary Committee of the Institute, Yee Choon Kong (Membership No: 4230) was found to have committed an act amounting to 'unprofessional conduct' within the meaning as provided under Rule 2 of the Malaysian Institute of Accountants (Disciplinary) Rules 2002 [P. U. (A) 229/2002] ("the MIA (Disciplinary) Rules").

The Disciplinary Committee's decision was based on the member's own admission that he solicited the complainant's client by charging a fee for audit services for the financial year ended 31 December 2004 in an amount less than 90 per cent of the fee charged by the complainant for the same services in the previous year.

The Disciplinary Committee in exercising its powers under Rule 18(3) of the MIA (Disciplinary) Rules has ordered the member to be reprimanded.

The decision of the Disciplinary Committee took effect on 24 June 2010.

ROSLI BIN ABDULLAH

Registrar

On behalf of the Council of the Malaysian Institute of Accountants

Prices in the property market, particularly for high-end properties, look frothy. Is it a start of a prolonged super-cycle or the peak before the slump?

Bubble *trouble?*

The property market, particularly the residential segment, seems to be experiencing a bull run. While most sectors have taken a hit from the economic slowdown, the property sector has remained relatively unscathed. There is also a possibility of over-heating in the property market with “price-frothing” as prices of mid to high-end landed properties continue to be on an uptrend.

OSK Research Sdn Bhd in a research note said a major mass housing boom will likely occur in the first half of this decade, and that the property market may peak in 2012 / 2013 before going into a potential slump. According to OSK, the sector is already entering the early stage of a property “super-cycle”.

The Star recently reported that the National Property Information Centre (NAPIC) said average house prices have risen 19% to RM273,000 in the first half of this year, from RM220,000 in the same period last year. In Kuala Lumpur, prices rose about 35% to more than RM700,000 in the first half of the year, up from RM523,000 last year. For the second quarter of this year, NAPIC reported that there was a total of 6,571 newly launched residential units in the country with the bulk in Wilayah Persekutuan and Selangor which accounted for a total of 3099 units.

Another trend is the increasing proliferation of mid to high-end housing properties, particularly high-end properties priced above RM1million. According to Bernard Ching, Head of Research with ECM Libra, landed residential properties within gated and guarded communities in prime locations are selling like hot cakes now. “Prices of these properties have appreciated quite significantly as buyers nowadays are not just looking for a roof over their heads. Lifestyle and security features are high on buyers’ priority list too. This change in buyers’ behaviour has contributed to vast disparity in pricing levels of newer developments with lifestyle and security features as compared to older “plain vanilla” developments.”

Despite the high price tag, Ching said that sales have been brisk due to low interest rate and low down payment. He added that most developers have also offered rebates which effectively raise the margin of finance above 90%. For example, a property priced at RM1m will typically require a 10% down payment and 90% margin of finance. If developers give a 5% rebate, buyers need to fork out only RM50,000 as downpayment and secure a RM900,000 mortgage. This implies a margin of finance of 95%.

Indeed, the more affluent Malaysians with additional disposable income are seen to be





increasingly placing their investments into the mid to high-end segment of real estate due to its defensive nature, as compared to the volatility of the stock market. “Malaysians are increasingly investing in property as the equity and commodities market are not seen as viable,” said another analyst. This is what is causing the ‘price-frothing’ at mid to high end properties. While the appetite for landed and gated residences is increasing, developers are visibly perpetuating a trend of pushing up the prices of mid to high-end properties when they launch their projects in phases.

Additionally, Klang Valley is experiencing the most dynamic property market segment especially due to a spate of urban migration. More people are gravitating towards Kuala Lumpur in search of better economic opportunities and this could be the reason for increased housing demand in the Klang Valley.

are places in which land is scarce, they observe. According to them, properties which have been enjoying price appreciation are those with good concepts by branded developers, and sited in good locations. The market needs to also consider the construction cost, and also the increasing price of good landbanks in considering the prices of properties, one developer said.

Any measures to curb speculative buying must be studied very carefully, particularly the impact of these measures. Blanket measures may not be effective as it may do more harm than actually solve any problems, industry players say. As a comparison, Singapore has increased downpayments for second mortgages and imposed a stamp duty on property held for less than three years to curb speculation after home prices surged 38 per cent in the second quarter.

However, property developers in Malaysia are dismissing talk of a property bubble forming saying that reports of speculative buying need proper evidence and investigation. They claim that even if a bubble is being created, it could be confined to the Klang Valley in the niche realm of high-end properties.

All this excitement in the property segment is already earning regulatory scrutiny, as it was reported that Bank Negara Malaysia is consulting with financial industry players on the possibility of reducing the loan-to-value ratio from 90% to 80%.

While Malaysia has not experienced a property bubble on the scale of that experienced by Singapore and Hong Kong, industry observers feel the dynamics are certainly moving in that direction. Singapore recently joined Hong Kong and China in introducing measures this year to cool their property markets amid concerns that asset bubbles are forming as home prices surge.

However, property developers in Malaysia are dismissing talk of a property bubble forming saying that reports of speculative buying need proper evidence and investigation. They claim that even if a bubble is being created, it could be confined to the Klang Valley in the niche realm of high-end properties. The property market in Malaysia is nowhere close to Singapore or Hong Kong, which





Here in Malaysia, “An across-the-board lending restriction is not likely to be an effective policy measure as real demand may also be affected. A more refined solution would be to only restrict lending to purchasers who are buying their second or third homes,” commented Ching. This is because the Malaysian property market is essentially a two-tier market with high-end properties catering to the upgraders and investors, and mid-end properties catering to many first-time homebuyers.

Minister of Housing and Local Government Datuk Wira Chor Chee Heung was also quoted in the press as saying that any measures to curb speculative buying should not burden the lower-income group. To enable lower-income groups to purchase a house, perhaps there could be some kind of structure where buyers who want to buy houses of RM500,000 and below can still get loans at 90% while anything above that threshold triggers a loan-to-value ratio cap at 80%, he suggested.

Furthermore, such a restriction would have repercussions on the financial industry as it would affect the mortgage business of banks. There is the school of thought which propagates that banks should be allowed to determine their own lending percentage according to their credit assessment and risk management policies as per the current practice of credit appraisal of potential borrowers.

The Overnight Policy Rate (OPR), which was raised 3 times over the past 9 months, which is reflected in higher mortgage rates also provides an effective market force towards prudence in borrowing, an industry player said.

For a country that is headed towards achieving a developed nation status, this could also be an important juncture for the authorities to consider what Malaysian society really needs. Genuine buyers should not be affected by any new measures being introduced to curb speculative buying. Perhaps there is also merit in investigating if speculative buying is indeed rife in the market and whether it could in fact get out of hand, and cause a property bubble that will eventually burst. ■



the business case for water

WATER HAS BEEN CALLED THE "NEW ENERGY" BY ENVIRONMENTALISTS CALLING FOR CONSERVATION. IT IS CRITICAL FOR SURVIVAL, BUT OUR LACKADAISICAL ATTITUDE TOWARDS WATER SUSTAINABILITY COULD EVENTUALLY PLUNGE THE ASIA-PACIFIC REGION INTO A WATER SECURITY CRISIS.

Majella Gomes

Most of us take water for granted, but how long can our idyll last? Water resources in the region are under threat due to poor governance and shoddy management practices, said industrial experts who gathered at the recent Asia-Pacific Water Ministers' Forum held in conjunction with the Singapore International Water Week.

Many areas suffer from erratic, unreliable, and sometimes inaccessible water supply. This in turn retards development and stunts productivity. Access to clean, potable water, and the proper management of this resource is becoming absolutely imperative because the very existence of literally billions of people depends on it.

Gains have been made, largely through government and UN collaborative efforts, to increase the supply of drinking water to more people. "What we have is a critical water security problem," said Erna Witoelar, Vice-Chairman of the Asia-Pacific Water Forum Governing

Council. Worldwide, almost 1.96 billion people have no water or basic sanitation. In the Asia-Pacific region alone, there are almost 400 million people, mainly women and children, who have no safe drinking water. "The water resources in the region are scarce, and the region itself is extremely vulnerable to climate change. Our water problems are manageable but they will require funds, political will and capacity development at all levels," said Witoelar.

● *Sustainable water solutions*

Although the availability of water in the Southeast Asian region is at critical stage, governments on the whole have managed to provide this resource fairly efficiently over the past decades. However, the difficulty now lies in sustaining the supply in the face of growing pressure on existing infrastructure, and the burgeoning population in the region that clamours for this dwindling

resource. The answers to an increasingly complex situation may lie in several interrelated elements: privatization, technology and pricing.

While the provision of water supply has, for the most part, been the responsibility of the respective federal or state governments and local authorities, this utility reaches the consumer heavily subsidised. What we pay for the water that flows out of the faucet is in actual fact only a fraction of what it costs to deliver the water which reaches us via dam construction, maintenance of catchment areas and reservoirs, water treatment plants and installation of reticulation systems. In the case of agriculture, canals have to be built and maintained. Water is also one of the main components in the process of electricity generation.

"It's not just about the availability of water; it needs to be priced affordably to sustain good quality of life," said Noeleen Heyzer, Under-Secretary-General of the UN, and Executive Secretary of the UN Economic & Social

Commission for Asia and the Pacific (ESCAP). “Many countries have under-invested in water infrastructure, and a lot of water is being wasted. We need a progressive pricing strategy, together with better sewage management and wastewater treatment. Market innovation in this area alone is worth billions.”

Suggestions of how to sustain water resources included placing a higher economic price on this commodity, as is already being done in Australia. “The role of water in agriculture needs to be realized, in order for it to be efficiently utilized to meet food targets,” said Arjun Thapan of the Asian Development Bank. “Scrutinise the processes that require the extensive use of water and energy; in particular, be cautious when using water in the production of energy. Producing biofuels, for instance, is water-intensive, so approach it carefully. Understand the phenomenon of urbanization, and how water needs to be managed differently in this environment. Asia loses a lot of treated water; we have to learn to treat water as a business.”

○ *Overcoming challenges*

Despite the need to urgently address water security issues, there are bright spots on the horizon. Some countries have found workable solutions. Phnom Penh and Manila are generally acknowledged to have a world-class water management system, so there is little excuse for other Asian cities not to have the same. Water security also needs to be viewed within the context of climate change, which is affecting rainfall patterns all over the region. Countries like Myanmar have seen an increase in tropical cyclones; and in other regions, heavy precipitation is followed by extended periods of drought. These extremes of weather have long-term effects on numerous national economies and in some cases seriously threaten the lives and livelihoods of millions who are subject to the vagaries of the weather.

It is a sobering thought that in the next decade or so, if current rural-urban migration patterns persist, as much as

60% of the world’s population will be living in cities, putting more strain on the existing water supply. In addition, there will be more and more hungry mouths to feed but less and less water to grow the food to feed them with. But top of the wish list of businesses where managing water is concerned is not good pricing strategy; it is the promotion of good governance, operational integrity, workable policies and strategies, and transparency in decision-making that will sustain water resource management.



National water policies are needed, and when the provision of water as a utility is run as a business, then the industry will find itself able to move to another phase of development. There needs to be a clear national strategy for water and sanitation, for proper wetlands management, environmental protection and the conservation of water resources as a whole. The further involvement of the private sector in managing water resources will then include pricing based on efficient use, tariffs to help different categories of consumers, and enforceable regulations that will help the utility provider to plan and provide reliable water supply accordingly.

With new technology at an all-time high, businesses are looking at

green fields where they can establish themselves quickly. Andrew Benedek, Chairman and CEO of Benedek Inc, provided a brutally frank perspective when he said, “Everyone talks about wanting to save the world, but the reality is that technology, innovation and creativity today are premised on the opportunity to make money. Good ideas need financing. Money drives competition and spurs tech development. Without it, nothing gets done.”

○ *New tech to the fore*

Some companies have already identified new ways of approaching the water problem, like improving reverse osmosis (RO) methods, which accounts for about 61% of drinking water now available. In Japan, solar energy is being used to produce pure water for industrial use. Ultraviolet (UV) disinfection is also an alternative treatment method for water and wastewater, especially where bacteria that is present in potable surface or groundwater supplies, is resistant to chlorine or other traditional disinfectants. Microwaves are now being used to generate monochromatic light for use in water disinfection; they can be instantly started up and can be switched on and

off frequently without deterioration – an important consideration when water treatment has to be carried out in remote or hard-to-access environments.

Siemens Water Technologies is working on a desalination process that uses as little as 1.5kW/h per cubic metre of water, but is yet to make it commercially viable. Other methods include membrane distillation and forward osmosis, said its President and CEO, Charles Gordon, adding that it was difficult to benchmark against emerging technologies because “We really don’t know in which direction tech is moving. Technology may have to be recombined or repackaged to be effective.”

What has become clear in recent years is that appropriate technology can actually lower the cost of water. “The biggest expense is the use of energy in water treatment,” said Gretchen McClain of ITT Corp. “When the right processes are applied, the result is lower cost of water treatment. Besides, technology has also proved quite effective in tackling pollution control.” However, desalination still remains one of the key methods of addressing the water supply problem, and R&D in this area is ongoing.

○ *Prudence holds public purse strings*

As much as need drives the development of new technologies, investment in water infrastructure is long-term and expensive, and therefore an option primarily for larger, better-established companies. Start-up costs are high, and practically impossible to self-finance because the infrastructure has to be in place well before revenue can be earned from the enterprise. Consumers want water to be as cheap as possible – preferably

Scrutinise the processes that require the extensive use of water and energy; in particular, be cautious when using water in the production of energy.



free! – but the public sector cannot afford to provide this because even the most generous of governments still have a multitude of costs to bear, and no government can afford to spend freely. Every cent has to be accounted for.

Multinationals like GE Power & Water, on the other hand, look at long-term investments in utilities as long-term opportunities for growth and profits. The company already invests US\$1 billion annually in its water business, and projects that by 2020, demand will exceed supply by 70 trillion litres. It recognizes the symbiotic relationship between energy and water; much of its R&D effort is directed at these two utilities simultaneously. Company President Steve Bolger believes the technology that can provide solutions to current water security issues already exists, but “needs fine-tuning. Investor confidence needs to be strengthened as well, through better financing and institutional support.”

Olivia Lum, Group CEO and President of Hyflux, the company that built Singapore’s first desalination plant, framed the government’s role as an enabling one, when it comes to crafting a successful – and very expensive – public service project. “Affordability is the key to any utility project, and the guarantees given by the government were imperative,” she said. “The corporate sector had to provide the innovation, but there was no need to worry about escalating costs because the government was willing to give guarantees.”



It is interesting to note that water industry players feel the Southeast Asia water market did not suffer from the recent recession, but has instead exhibited a certain amount of robustness that has given rise to optimism. Indeed, there is a great deal in the Southeast Asian market to be upbeat about. Paradoxically, there is more money than water right now, said Hiroshi Watanabe, President and

CEO of the Japan Bank for International Cooperation (JBIC), which has often been perceived to give “free money” to develop infrastructure. “There has to be understanding between financial institutions, the government and the project holder,” he said. “It’s not about the money. There is a moral obligation to contribute towards infrastructural development, on both the part of the public and private sectors.” ■





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Real Property Gains Tax 101

REAL PROPERTY GAINS TAX (RPGT) WAS REINTRODUCED EFFECTIVE 1 JANUARY 2010 AFTER A LAPSE OF 2 YEARS AND 9 MONTHS. BELOW ARE ANSWERS TO THE COMMON QUESTIONS THAT ARISE IN REAL PROPERTY TRANSACTIONS.

SM Thanneermalai

SECTION A – GENERAL PRINCIPLES

■ What is RPGT?

RPGT is a tax on capital gains imposed on the disposal of a chargeable asset and this includes real property and shares in real property companies. It is governed by the Real Property Gains Tax Act 1976.

■ Who is covered?

It applies to both tax resident and non-resident persons who transact in real property situated in Malaysia and shares in real property companies.

■ What is real property?

It is land situated in Malaysia or any interest, option or right in or over such land situated in Malaysia.

■ What is the definition of land?

Land for RPGT purposes includes:

- (i) *the surface of the earth and all substances forming that surface;*
- (ii) *the earth below the surface and substances therein;*
- (iii) *buildings on land and anything attached to land or permanently fastened to anything attached to land;*
- (iv) *standing timber, trees, crops and vegetation grown on land; and*
- (v) *land covered with water.*

■ How is RPGT computed?

In simple terms, RPGT is computed on the capital gains arising on the disposal of a chargeable asset, that is, the differential

between the disposal price and the acquisition price of the real property.

$$\text{Simply put:} \\ \text{(Disposal price - acquisition price)} \\ \times \text{RPGT rate} = \text{RPGT}$$

The determination of the disposal price and acquisition price is set out below.

■ How is the disposal price determined?

The disposal price is arrived at as follows:

		RM
	Consideration received	xx
Less:	Permitted expenses:	
	Enhancement cost	(x)
	Legal fees in defending title	(x)
Less:	Incidental costs:	
	Commission	(x)
	Legal fees	(x)
	Advertisement	(x)
	Disposal price	xx

Permitted expenses refer to any expenses incurred wholly and exclusively on the asset after its acquisition for the purpose of enhancing or preserving its value and expenses incurred in establishing and defending title to or right over the asset.

Incidental cost comprise fees, commission or remuneration paid for the professional services of a surveyor, valuer,

accountant or lawyer, cost of transfer (e.g. stamp duty) and cost of advertisement to find a buyer.

■ How is the acquisition price determined?

The following sets out how acquisition price is determined:

		RM
	Consideration paid	Xx
Plus:	Incidental costs:	
	Interest (applicable only prior to 1 January 2010)	X
	Stamp duty	X
	Legal fees and professional fees	X
	Advertisement	X
	Commission	X
Less:	Recoveries:	
	Insurance compensation	(x)
	Compensation for damage	(x)
	Deposit forfeited	(x)
	Acquisition price	Xx

Incidental costs comprise fees, commission or remuneration paid for the professional services of a surveyor, valuer, accountant or lawyer, cost of transfer (e.g. stamp duty), cost of advertisement to find a seller.

Recoveries refer to receipts under an insurance policy, deposits forfeited in respect of any intended disposal and com-



pensation received for damage, destruction or depreciation of the chargeable asset.

■ How is the RPGT rate determined?

The rate of tax on RPGT is based on the holding period of the chargeable asset. The rate ranges from 30 per cent down to 5 per cent. There is an in-built exemption mechanism in the legislation which effectively brings the rate down to 5 per cent for all current disposals chargeable to RPGT.

Illustration of an RPGT computation:

		Individual (RM)	Company (RM)
	Disposal price	100,000	100,000
Less :	Acquisition price	70,000	70,000
	Chargeable gain	30,000	30,000
Less :	Exemption of RM10,000 or 10% of chargeable gain, whichever is higher (applicable to individuals only).	10,000	
	Chargeable gain subject to tax	20,000	30,000
	RPGT payable at the effective rate of 5%	1,000	1,500

■ Exemptions from RPGT

RPGT exemptions currently available are as follows:

- *Gain in respect of any disposal of a chargeable asset from 1 April 2007 until 31 December 2009*
- *Gain in respect of any disposal of a chargeable asset on or after 1 January 2010 where the disposal is made after 5 years from the date of the acquisition of the chargeable asset;*
- *RM10,000 or 10% of the chargeable gain, whichever is greater accruing to an individual in respect of a disposal of a chargeable asset;*
- *Gain accruing to an individual who is a citizen or permanent resident of Malaysia in respect of the disposal of one private residence;*
- *Gain accruing to a wife who is a citizen or permanent resident of Malaysia but whose husband is neither a citizen nor a permanent resident, in respect of the disposal of one private residence owned by the wife; and*
- *Gains accruing to the Government, State Government or a local authority.*

■ How to determine the acquisition date?

Generally, the acquisition date of the acquirer coincides with the disposal date of the disposer.

■ When is the disposal date?

Disposal date is the date of the agreement for disposal of the asset. Where there is no agreement, disposal date is the date of completion of the disposal, i.e. the earlier of:

- *date of transfer of ownership of the asset by the disposer, or*
- *date when the whole amount of consideration is received by the disposer.*

■ Treatment of losses on disposal

Unutilised losses can be carried forward indefinitely except losses arising from the disposal of shares in a real property company.

■ Retention of RPGT by the acquirer

With effect from 1 January 2010, the acquirer is required to retain either 2 per cent of the total value of consideration or the whole of the monies, whichever is lesser, and remit the retention sum to the IRB within 60 days from the date of disposal.

In certain situations, the acquirer need not withhold the retention sum as the disposer can elect not to retain and remit the retention sum by completing the Form CKHT 3.



■ Form and Notices

The main forms and notices used for RPGT purposes for disposal of chargeable assets from 1 January 2010 are as follows:-

Types of Form/ Notice	Particulars	Responsibility	Submission deadline
CKHT 1A	Disposal of real property or shares in a RPC	Disposer	Within 60 days from date of disposal
CKHT 1B	Disposal of shares in a RPC	Disposer	Within 60 days from date of disposal
CKHT 2A	Acquisition of real property or shares in a RPC	Acquirer	Within 60 days from date of acquisition
CKHT 3	Notification of information under Section 27 of the RPGT Act. (Election not to retain and remit retention sum to the IRB)	Disposer (acquirer to also attach a copy together with the Form CKHT 2A where provided by the disposer)	Within 60 days from date of disposal
CKHT 12	Notice of Assessment	Issued by IRB	Not applicable
CKHT 19	Information on RPC	Company	Whenever there is a change in RPC status
CKHT 501	Payment of RPGT by disposer	Disposer	Not applicable
CKHT 502	Payment of retention sum	Acquirer	Within 60 days from date of disposal

SECTION B – REAL PROPERTY COMPANIES

■ What is a RPC?

RPC is a company having the following characteristics:

- a controlled company; and
- owns real property or shares in another RPC, or both, the defined value of which is not less than 75 per cent of the value of its total tangible assets (TTA) as at 21 October 1988 or at any date after 21 October 1988.

■ When will a company be considered a controlled company?

A company is a controlled company if it has not more than 50 members and is controlled by not more than 5 persons.

■ What is defined value?

It is the market value of the real property or the acquisition price of shares in RPCs held by the company.

■ What are Total Tangible Assets?

It is the aggregate of the defined value of the real property and shares in RPC and the value of other tangible assets (e.g. cash, debtors, fixed assets, stocks and prepayments).

■ When to determine RPC status?

For companies incorporated before the introduction of the RPC legislation, i.e. 21 October 1988, their status would be

reviewed as at 21 October 1988 to determine whether they were RPC as at that date.

■ When will a company lose its RPC status?

A company loses its RPC status only upon the occurrence of one of the following events:

- when it ceases to be a controlled company; or
- when the company disposes of real property or shares in RPC or both, whereby the defined value of the remaining real property and shares in another RPC at the date of disposal is less than 75 per cent of the Total Tangible Assets. Note that further acquisition of real property or shares in RPC may trigger the RPC status again.

■ Would the cessation of RPC status mean that existing shares will no longer be RPC shares?

No, once shares are 'tainted' as RPC shares, they will retain their RPC status and the subsequent disposal of these shares will still be subject to RPGT. However, the acquirer of the said shares would be acquiring non-RPC shares.

■ How do we determine the disposal price?

The disposal price of shares in a RPC shall be the consideration in money or money's worth received from the disposal. The formula applied in arriving at the disposal price is similar to that for real properties.

■ Is the determination of the acquisition price of RPC shares similar to real properties?

No. The acquisition price of RPC shares depends on the following circumstances:

- If at the time of acquiring the shares, the company is not a RPC but subsequently becomes a RPC, the acquisition price is determined using the formula $A/B \times C$ where:

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A = number of shares deemed to be chargeable asset;

B = total number of shares issued in the RPC at the date of acquisition of the chargeable asset;

C = defined value of real property or shares in another RPC or both owned by the RPC at the date of the acquisition of the chargeable asset.

(b) If the company is already a RPC at the point of acquisition of the shares, then the acquisition price will be the actual consideration paid or market value after taking into account any incidental cost and recoveries.

■ Disposal date

The normal rules on the determination of disposal date also apply to RPC shares. The difference between RPC shares and other chargeable assets is that the disposal date may not coincide with the acquisition date of the acquirer.

■ Acquisition date

Acquisition date for RPC shares is dependent on when the company becomes a RPC i.e.

(a) If a person owns shares in a company as at 21 October 1988, and the company is a RPC as at that date, then the person is deemed to have acquired the RPC shares on 21 October 1988.

(b) If a person owns shares in a company which is not a RPC as at 21 October 1988, and the company subsequently becomes a RPC, the acquisition date for these RPC shares would be the date when the company becomes a RPC.

SECTION C – TRANSFER OF ASSETS BETWEEN COMPANIES

■ What happens on the transfer of assets between companies on restructuring?

Generally there are 3 situations that transfer of assets between companies would be regarded to be made at 'no gain no loss' i.e.

(a) Transfer of assets between companies in the same group

The following conditions must be met:

- The transferor and transferee must be within the same group of companies;
- the transfer brings about greater efficiency in operation of the group;
- the consideration for the transfer must consist of shares in the company or comprise substantially of shares (at least 75 per cent) and the balance in money payment;
- the transferee company is a resident company in Malaysia; and
- prior approval from IRB is obtained.

In such circumstances, there are 3 consequences arising therefrom:

Transferor company

- The transferor company is deemed to have received no gain and suffered no loss arising from the transfer.

Transferee company

- the company will be deemed to have acquired the asset at the original acquisition price plus permitted expenses incurred by the transferor company (substituted with the market value as of 1 January 1970 if the transferor acquired the asset before that date). The acquisition date would be the date of transfer; and
- any subsequent transfer of the asset to trading stocks would be a deemed disposal.

(b) Transfer of assets between companies in a scheme of reorganisation, reconstruction or amalgamation

(c) Distribution of assets under liquidation where the liquidation of the company was made under a scheme of reorganisation, reconstruction or amalgamation

Generally, in respect of the aforesaid transfer, the following conditions must be satisfied:

- The scheme is in compliance with Government policy on capital participation in industry;
- The transferee company is a resident company in Malaysia; and
- Prior approval from IRB is obtained.

The tax consequences would be similar to (a) above except that the transferee company would be deemed to have acquired the asset on the original acquisition date of the transferor company.

■ Can IRB withdraw the approval under Paragraph 17(1) of Schedule 2?

The DGIR may withdraw any approval for a transfer within 3 years after giving it if –

- it appears to him that the transfer was made wholly or partly for some other purpose;
- the transferee company ceases to be in the same group of companies as the transferor company; or
- The transferee company ceases to be tax resident in Malaysia.

Please note that this article provides a broad overview of the key areas of RPGT legislation. However, if you are undertaking a particular transaction, before you compute your RPGT liability, please refer to the legislation and the accompanying gazette orders for more details on the various aspects of the legislation which could impact the transaction. ■

SM Thanneermalai is a Senior Executive Director of PricewaterhouseCoopers Taxation Services Sdn Bhd. Please note that the content of this article represents the author's personal views and does not constitute professional advice. "PricewaterhouseCoopers" refers to the individual members of the PricewaterhouseCoopers organization in Malaysia, each of which is a separate legal entity. The author can be contacted at: thanneermalai.somasundaram@my.pwc.com.

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Budget 2011

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- Prime Minister Datuk Seri Najib Tun Razak, 2011 Budget Consultation Forum

Saravanan Ramasamy

The 2011 Budget will be the first Budget following the announcement of the New Economic Model (NEM). As such, it will be important in setting the thrust and pace of development in line with the NEM's aim to transform Malaysia into a developed and high-income economy by 2020. While the Malaysian economy has remained mediocre so far in 2010, the country needs to continuously record high growth rates in the coming years in order to attain this status. In powering the nation towards this, Prime Minister Datuk Seri Najib Tun Razak is expected to reveal key proposals in the 2011 Budget, which is due to be delivered on 15 October 2010.

According to the Prime Minister who is also the Finance Minister, the 2011 Budget will operationalise the strategic thrusts outlined in the 10th Malaysia Plan (10MP), which serves as one of the key pillars of the NEM. This, among others, involves unleashing economic growth via private investments, boosting domestic demand while extending regional linkages and increasing productivity

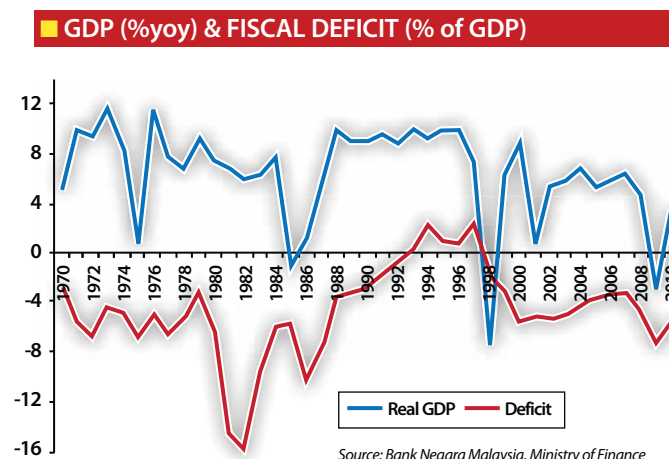
and competitiveness through innovation. It is against this backdrop that the following sections attempt to provide a preview of the 2011 Budget.

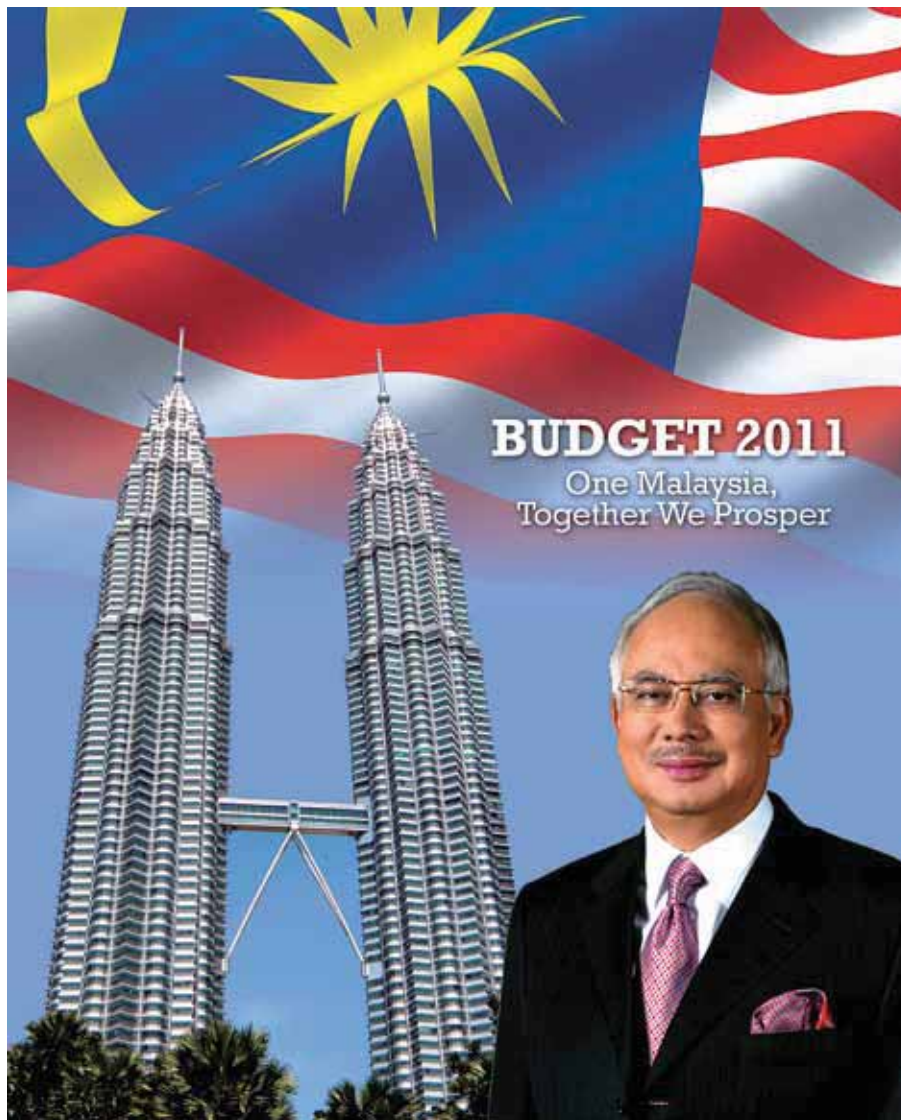
UNLEASHING ECONOMIC GROWTH VIA PRIVATE INVESTMENTS

Over the last decade, Malaysia's momentum of growth has noticeably slowed, while the growth rates of several countries in the region have improved. Undoubtedly, the immediate priority is to ensure that the economy is back on an upward and sustained growth trajectory. Economists and Bank Negara Malaysia (BNM) share the

view that the domestic economy is still in need of regular dosages of fiscal supplements to emerge from the downturn as the recovery in the global economy is still seen to be fragile. At the same time, we also need to be cognizant of the fact that the Government cannot afford to continuously provide these fiscal stimuli when the aim is to reduce the ever widening fiscal deficit. Quite expectedly, the 2010 Budget revealed a contractionary budget where the focus was to trim down the elevated fiscal deficit, estimated at 7.2% of GDP in 2009 to 5.5% in 2010. In the same vein, the 2011 Budget is widely expected to be contractionary in nature with a greater focus of reviving private investments.

In order to further trim the fiscal deficit, the 2011 Budget is expected to build a foundation that can facilitate greater private investment, *vis-à-vis* enabling the private sector to be the engine of growth. With the private sector taking the lead in propelling the economy, the Government can continue to downsize its role by reducing its development expenses. A revival of pri-





vate investment should compensate for a rollback of public projects and would help lessen the burden on the Government's coffers. While the Government had allocated a total of RM9 billion under Budget 2010 to finance infrastructure projects including roads, bridges, railway tracks, sea ports and airports facilities, this amount is anticipated to be reduced in the upcoming budget.

On the other hand, the Government is widely expected to increase its support for private sector activities through facilitating availability of funding for small and medium enterprises (SMEs). SMEs have an important role to play in generating employment opportunities, strengthening

They have a crucial role in inculcating entrepreneurship and the Government should devise appropriate assistance schemes and seek to raise the level of management expertise, technological know-how and skills of the employees in this very important, and yet in many ways neglected sector of our economy. Thus, enhancing incentives for SMEs in the upcoming Budget makes a lot of intuitive sense.

industrial linkages, penetrating markets and generating export earnings. They have a crucial role in inculcating entrepreneurship and the Government should devise appropriate assistance schemes and seek to raise the level of management expertise, technological know-how and skills of the employees in this very important, and yet in many ways neglected sector of our economy. Thus, enhancing incentives for SMEs in the upcoming Budget makes a lot of intuitive sense.

While reducing government's development expenditure may be possible with the revival of private investment, any major reduction in operating expenditure needs to be deliberated carefully as it may disrupt the smooth flow of the day-to-day economy. Given the seriousness of the government in cutting the budget deficit, it has to either tackle the soaring operating expenditure or boost revenue. The prospect of the latter is rather dim given that the implementation of Goods and Services Tax (GST), which was widely anticipated to be a source of revenue boost for the government, is most likely to be off in 2011.

The government may also opt to find new sources of tax revenue and one possibility is by way of introducing tax amnesty whereby the government can, for a short period of time, allow tax evaders to declare and pay their dues without any penalties. However, tax amnesty does have its shortcomings. According to Kang Beng Hoe, executive director of Taxand Malaysia Sdn Bhd, one serious criticism of tax amnesty is that it tends to reduce the level of compliance after the amnesty period in expectation of similar future amnesties.

Thus, this leaves the government with no choice but to tackle the soaring operating expenditure in the upcoming budget. The 2010 budget was worth RM191.5bil and of this amount 72% was allocated for operating expenditure. In this regard, it is widely expected for the Government to reduce this amount largely by reducing and restructuring subsidies which, as per a report from Kenanga Research, had ballooned to about 22% of total operating expenditure in 2010 from just 8.5% in

2007. Indeed, this was a precursor for the Government to reduce subsidies for fuel, specifically petrol, diesel and LPG, as well as sugar as part of the gradual implementation of Malaysia's subsidy rationalization programme beginning 16 July 2010.

BOOSTING DOMESTIC DEMAND AND EXTENDING REGIONAL LINKAGES

The 2011 Budget is expected to reveal proposals to boost domestic demand given the volatility of the external demand. Although reduction in personal income tax may be an option to boost public spending, the 2011 Budget is expected to focus on other proposals to entice public spending to increase consumption. According to the same Kenanga Research report, the 1% cut in maximum individual income tax rate to 26% and the increase in personal tax relief from RM8,000 to RM9,000 in the 2010 Budget did help raise disposable income but the impact on domestic spending is limited as approximately only 1 million out of 10.5 million workers pay taxes. As such, can we expect any form of direct cash assistance to the lower income group in the upcoming budget, more so to cushion the impact of the widely anticipated subsidy rationalisation?

Whilst driving domestic demand is



While Budget 2011 may not explicitly call for new Free Trade Agreements (FTAs), it is hoped that the Budget would provide incentives for accessing the opportunities generated from existing FTAs with Japan, Pakistan and New Zealand as well as regional ASEAN agreements with China, Korea India, Australia and New Zealand.

important, the domestic market is just not big enough to sustain robust economic growth. This implies that it would be a challenge for the Government to achieve the 6% per annum real GDP growth target set under the 10MP. As it stands, Malaysia has not been able to achieve the economic growth target set in the last two Malaysia Plans due to economic crises and poor execution of the measures proposed in promoting private investments. Under the 8th Malaysia Plan (8MP), the country had only achieved a growth rate of 4.7% despite its planned target of 7.5% between the years 2001 and 2005. The situation was more serious in the 9th Malaysia Plan (9MP) where the economy only grew an average of 4.2% annually whereas the target was 6% between the years 2006 and 2010.

The 2011 Budget is anticipated to propose measures to increase focus on new and fast-growing markets, particularly in Asia and ASEAN. Given the vital importance of external trade and to facilitate the expansion of Malaysian firms into export markets, the 2011 Budget is expected to continue to provide assistance in the form of export promotion. While Budget 2011 may not explicitly call for new Free Trade Agreements (FTAs), it is hoped that the Budget would provide incentives for accessing the opportunities generated

■ MALAYSIA FEDERAL GOVERNMENT FINANCES (2000 – 2010F)

Year	Revenue	Expenditure	Current Surplus/ Deficit	Net Development Expenditure	Overall Surplus/Deficit	
	RM (bil)				RM (bil)	% of GDP
2000	61.9	56.5	5.3	25.0	-19.7	-5.5
2001	79.6	63.8	15.8	34.2	-18.4	-5.2
2002	83.5	68.7	14.8	35.1	-20.3	-5.3
2003	92.6	75.2	17.4	38.3	-20.9	-5.0
2004	99.4	91.3	8.1	27.5	-19.4	-4.1
2005	106.3	97.7	8.6	27.3	-18.7	-3.6
2006	123.5	107.7	15.9	35.0	-19.1	-4.1
2007	139.9	123.1	16.8	37.5	-20.7	-3.2
2008	159.8	153.5	6.3	41.9	-35.6	-4.8
2009	162.1	160.2	0.3	53.0	-51.1	-7.2
2010f	148.4	138.3	1.4	50.6	-40.4	-5.5

Source: Bank Negara Malaysia, Ministry of Finance

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The 2011 Budget, which will be tabled on 15 October 2010, will set the pace to transform Malaysia into a developed and high-income economy by 2020, said Prime Minister Datuk Seri Najib Tun Razak. Green technology will be one of the key areas to be given priority in the 2011 Budget.

The Malaysian Institute of Accountants (MIA) and Malaysian Association of Tax Accountants (MATA) will be jointly organising the 2011 BUDGET SEMINAR road shows from 20th till 29th October 2010 throughout Malaysia.

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	Hilton Petaling Jaya	27 October 2010
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	Evergreen Laurel Hotel Penang	26 October 2010
	Heritage Hotel Ipoh	29 October 2010
East Coast	Grand Riverview Hotel Kota Bahru	23 October 2010
	Hotel Grand Continental Kuala Terengganu	24 October 2010
	M. S. Garden Kuantan	26 October 2010
Southern Region	Renaissance Melaka Hotel	22 October 2010
	The Royale Bintang Resort & Spa Seremban	23 October 2010
	The Katerina Hotel Batu Pahat	25 October 2010
	The Puteri Pacific Johor Bahru	26 October 2010
Sabah	Promenade Hotel Tawau	21 October 2010
	Shangri-La's Tg Aru Resort & Spa Kota Kinabalu	22 October 2010
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	Four Points by Sheraton Kuching	22 October 2010
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from existing FTAs with Japan, Pakistan and New Zealand as well as regional ASEAN agreements with China, Korea India, Australia and New Zealand.

INCREASING PRODUCTIVITY AND COMPETITIVENESS THROUGH INNOVATION

Innovation is a vital ingredient to increase productivity and ultimately raise the country's competitiveness. There is inadequate development of indigenous innovation, resulting in too little value-added and too many manual processes which are unable to counter rising production costs. There is also a serious shortage of skilled manpower. All these and many more issues will need to be addressed in the quest to

...the focus should be to further enhance the integration of R&D activities with patent, copyright and trademark registration to ensure the end-to-end processes are implemented more effectively, which in turn will expedite the commercialisation of the research findings.

establish a knowledge-based economy.

Reflective of this, the education sector remained the single largest recipient of development allocation, garnering a total of RM30bil or 16% of total allocation under the 2010 Budget. Using this as the benchmark, it is widely anticipated that the 2011 Budget will continue to support the development of a knowledge economy, which inculcates indigenous innovation and promotes research and development (R&D) activities across the board, not only in biotechnology but also in information, communication and technology (ICT), animation, agriculture and other industries.

Funding research institutes *per se* is no longer sufficient to drive innovation. The 2011 Budget must focus on extracting the wealth hidden in the decades of R&D work

	BUDGET 2009	BUDGET 2010
Theme	A Caring Government	One Malaysia, Together We Prosper
Allocation	Total RM207.9bil	Total RM191.5bil
	Development RM53.7bil	Development RM53.2bil
	Operating RM154.2bil	Operating RM138.3bil
KEY HIGHLIGHTS		
Development	RM3bil to finance acquisition of buses and rail assets	RM9bil to finance infrastructure projects including road and bridge projects and rail, sea port and airport facilities
Education	RM14.1bil to improve quality of learning at institutions of higher learning, especially for polytechnics and community colleges	RM30bil to enhance primary and secondary school education nationwide
Agriculture	RM300mil to increase fish landings. Of this, RM180mil is in the form of cost of living allowance to fishermen and fishing boat owners, as well as RM120mil as incentive for fish landings	RM6bil for agriculture sector for paddy fields irrigation, fish production, fruit farming, livestock farming infrastructure and training
	RM1bil allocation as incentives for 220,000 paddy farmers throughout the country to increase paddy production	RM2bil subsidy for farmers and fishermen including subsidies for fertilizers, incentives for paddy yields and allowances for fishermen
Disposable Income	Free electricity for the poor	The maximum income tax rate for individuals reduced to 26% from assessment year 2010. Personal relief increased from RM8,000 to RM9,000
	Additional income tax rebate	
	Road tax reduced to RM20 a year for all bus, taxi, car rental and limousine operators	

that have been conducted in the country. As such, the focus should be to further enhance the integration of R&D activities with patent, copyright and trademark registration to ensure the end-to-end processes are implemented more effectively, which in turn will expedite the commercialisation of the research findings.

The 2010 Budget allowed SMEs to deduct expenses incurred in the registration of patents and trademarks in

Malaysia. Such expenses were previously considered capital in nature and not allowed as a deduction. Moving forward, given the seriousness of the government in driving innovation, can the 2011 Budget increase the base of deductible expenses or, alternatively, exempt income directly derived through innovation?

These concerns need resolution; and thus the nation eagerly awaits Budget 2011 with a high degree of anticipation. ■

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Iskandar Malaysia is home to Malaysia's first international theme park, Legoland, indoor family theme park in Puteri Harbour based on world renowned children's characters and the Johor Premium Outlet for luxury shopping.

Financial Services

The development of the new multi-billion dollar Iskandar Financial District together in partnership with Millennium and ALDAR of the UAE will leverage on Malaysia's expertise in Islamic Finance as well as Iskandar Malaysia's close proximity to the global financial centre of Singapore. The District will offer a world class planned district for financial institutions, banks and corporate headquarters, integrated commercial, residential and community developments.

A well-developed financial and banking sector has emerged in Iskandar Malaysia with representative offices of several foreign banks, commercial banks, merchant banks, finance companies and industrial finance institutions. Johor Bahru's newest financial hub at Taman Molek boasts 14 financial institutions at one address to offer banking convenience to end users.

Business Reporting

through the lens of the Investor

Business reporting must serve shareholders and investors if it is to be useful and relevant. In its series of articles on business reporting, the International Federation of Accountants (IFAC) spoke to six leading investors on a number of significant business reporting issues, such as complexity, information overload, fair value accounting, operational performance, convergence of accounting standards, realtime reporting, management commentary, and sustainability reporting.

All these reporting issues indicate that “there is an urgent need for users to get more involved in the discussions and decisions about the presentation of financial accounts,” said Tanya Branwhite, executive director, strategy research at Macquarie Securities. “We can’t be critical of the accounting standard setting process unless we get involved and try to put forward solutions to some of the issues.

●● FROM THE INVESTOR’S PERSPECTIVE

The investors agreed that financial statements must serve the needs of a broad range of stakeholders. “Shareowners are entitled to information about the company they own. And it is only with that information that they can effectively engage with the company,” says Michael McKersie, assistant director, capital markets at the Association of British Insurers (ABI), the largest single group of investors in the UK. Matthew Waldron, director of the Financial Reporting Policy Group at US based CFA Institute, quotes the first principle in his institute’s Comprehensive Business Reporting Model (2007): “The primary financial statements must provide the information needed by equity

investors, creditors, and other suppliers of risk capital.”

According to those interviewed, directors and management may not realize how critically important their financial reports are to investor confidence and decision-making, and the overall stability and growth of their business. “Senior executives and board members need to recognize that, essentially, they are work-

...the very basic premise of financial reporting is to provide an unbiased, complete, and well informed view of the financial performance of a business, based on a well defined set of standards, which are used consistently across a whole range of companies.

Tanya Branwhite

ing for the benefit of the shareowners,” according to James Allen, director of capital markets policy for CFA Institute. “Companies and boards need to have their feet held to the fire both by shareowners (and by regulators) to make sure that they are governing themselves the way that they said they would.” Hong Kong based investor and shareholder activist David Webb adds, “It is the job of directors to tell the truth, to provide the information that investors need to make informed decisions.” Many directors realize that “the largest part of their company’s intangible value is the confidence investors have in the management team,” says Carlos Madrazo, head of investor relations at Mexico based Grupo Televisa. “Unfortunately,” says Branwhite, “the way financial reporting has developed has been more from the accounting perspective than the user perspective.”

●● PREMISE OF FINANCIAL REPORTING

“If you are reporting on a business, you need consensus between the corporation and the investor community to determine what is relevant and what is not,” says Madrazo. Branwhite says: “In my view, the very basic premise of financial report-



ing is to provide an unbiased, complete, and well informed view of the financial performance of a business, based on a well defined set of standards, which are used consistently across a whole range of companies.” According to Waldron, disclosures are relevant to financial statements, emphasizing that they should be “prepared in a high quality manner.”

●● COMPLEXITY OF FINANCIAL REPORTING

Respondents to IFAC’s previous studies from March 2008 identified complexity as one of the main difficulties in financial reporting. According to interviewees, complexity continues to pose a challenge. Branwhite says, “Things like off balance sheet accounting, warehousing of financial instruments, mark to market valuation, and all those other issues that made financial information so opaque have increased the complexity of financial accounts such that it has become difficult for many investors to trace the

financial performance of a business.” She warns that “if financial accounts are not prepared with the users in mind, then we risk a whole area of unaudited ‘shadow reporting’ being provided directly to investors that doesn’t go through the rigorous financial accounting process.” McKersie adds, “If complexity is masking real issues, however, that is a real concern because that might result in less confidence. Therefore,” he says, “companies should genuinely try to produce financial accounts that are informative. In our opinion, this is a better way forward than introducing new regulations.”

●● INFORMATION OVERLOAD

“Investors don’t necessarily think bulkiness is an issue as long as they can find what they need,” says McKersie. Branwhite concurs, indicating that reports are long by necessity: “As the accounting standards themselves have gotten more complex, analysts have needed more information to understand the numbers that they are looking at. Hence, you then end up with about 400 pages in financial reporting, so that analysts are able to peel back that information.” Waldron adds: “We hear frequently from preparers who say that the expanded disclosures aren’t used by investors. Yet when we go to roundtables or in other forums, investors frequently ask for more quantitative and qualitative disclosures.”

The interviewees realize though that an overload of detailed information provides a problem for retail investors, many of whom lack the financial expertise or the time for proper analysis. One solution might be to engage third parties. “We work with banks that market to retail investors via their branches throughout the country. These retail brokers receive exactly the same presentation as do larger, institutional investors,” says Madrazo. Branwhite explains, “Part of our job is to help the wider investor base to better understand what is happening.”

●● FAIR VALUE

“Fair value accounting is very important,” says Webb, “certainly on the fixed assets

side, because we need comparability between companies in a sector, between companies in a market, and between companies in different markets.” Waldron also strongly favors fair value. In fact, he “believes that it is the most decision useful measurement basis for investors.”

If we had an independent election system for independent directors, then they would have more authority. In that case, I would favor giving them their own section of the annual report and an obligation to report any issues that they are concerned about, and any issues on which they have disagreed with the rest of the board.

David Webb

McKersie notes that “fair value is without doubt of interest for investors,” but that “the reliability of these fair value measurements” is important for investors to consider. According to Waldron, however, “Investors feel that relevance has primacy over reliability, so combining high quality disclosures with the fair values presented in the financial statements presents more decision useful information.”

●● DIRECT CASH FLOW METHOD

According to the interviewees, the direct cash flow method might help (retail) investors better understand the performance of a company. Madrazo recommends that “standard setters and regulators ... better distinguish the impact on earnings that results from changes in fair value, versus those changes that we

see from the day to day running of the business.” There is merit to the use of a direct cash flow statement, according to Branwhite, “because the wider investor community will be able to see more clearly the operating performance of the business, the investing decisions being made by the business, as well as how the business is being financed and any changes in the value of the assets and liabilities.” According to CFA Institute’s Comprehensive Business Reporting Model, “The cash flow statement provides information essential to the analysis of a company.”

●● INTERNATIONAL CONVERGENCE OF ACCOUNTING STANDARDS

“International convergence of accounting standards is valuable and desirable because it increases international comparability,” says McKersie. Waldron agrees: “We believe that the global capital markets would be best served if accounting standards in jurisdictions around the world evolved to a point where there was one set of high quality, understandable reporting standards. This would enhance comparability and analysis of investment opportunities globally.” International convergence to one set of accounting standards would also benefit multinational corporations, as Madrazo makes clear: “Like any other Latin American company listed in the US, Televisa must comply not only with our own local rules but also with US rules. This is a very time consuming task.”

Although convergence is admirable, it should not be attained at the expense of quality. “The priority of both the US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) should be to make the information in the accounts more relevant, reliable, transparent, and consistent,” says Branwhite. “If convergence is not the outcome yet, we have not lost too much as long as those other quality criteria are met.”

●● MANAGEMENT COMMENTARY

Additional disclosure, for example, in the form of management commen-

tary, is desirable but still has a way to go according to the interviewees. McKersie says "investors like directors to talk in good faith on how they see matters in order to make better quality investment decisions. Preparation of useful management commentary is an opportunity for the board to confirm that it is on top of what it is doing and the direction it is going." Webb agrees, but has some reservations: "If we had an independent election system for independent directors, then they would have more authority. In that case, I would favor giving them their own section of the annual report and an obligation to report any issues that they are concerned about, and any issues on which they have disagreed with the rest of the board."

Waldron sees gaps in the quantity versus the quality of information provided: "When companies include mod-

els, estimates, assumptions, principles applied, sensitivity analysis, and aggregated disclosures, they need to make sure that all of the qualitative factors, such as understandability, completeness, relevance, and comparability are considered." Branwhite recommends the use of key performance indicators (KPIs): "Knowing what management has set as its KPIs is critical information, as it provides an insight as to how aligned the company's long term performance objectives are with those of its shareholders."

●● SUSTAINABILITY REPORTING

The interviewees held mixed views on the usefulness of sustainability reporting. According to Madrazo, "Investors are increasingly seeking information on a company's environmental, social, and governance performance because they see these as indicators of good overall

corporate management and often superior performance." Webb disagrees, saying, "Sustainability reporting is of no real value to investors. We shouldn't expect companies to try to make the world a better place at the expense of their shareholders." Instead, Webb sees a role for governments: "If everybody is required to clean up their waste, companies will economically price it into their products." Branwhite points out that "as there are going to be very clear financial implications on social and environmental aspects, they should become integrated into mainstream financial reporting." ■

This article was edited from the IFAC's third part in its series on business reporting. Improving reporting quality is a key mission of the MIA and will be a hot topic at the upcoming World Congress of Accountants 2010 in Kuala Lumpur.

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HOW TO BECOME SUSTAINABLE

PROFESSOR WIM A. VAN DER STEDE SHARES SOME INSIGHTS INTO HOW ORGANISATIONS CAN BECOME SUSTAINABLE

Sustainability considerations, I reckon, will involve that organizations progress their business objectives from rather narrow, conventional objectives (such as operational excellence and financial performance) to include environmental, social and societal (community) initiatives, and hence, specific objectives in that area beyond the conventional realm. Without specific (and integrated objectives within the traditional “business” focus), environmental, social and societal (community) initiatives are likely to not receive the stated status and importance beyond perhaps a general, maybe superficial, treatment as part of running “the business”.

This “elevated status” of environmental, social and societal (community) initiatives, and their embedding of them into the business’s objectives, will likely involve the creation of dedicated, although not isolated, managerial roles, such as the development of a CSR function. Of course, for smaller organizations, the ability, and cost, of doing so considering available

resources (money, people) may prove difficult. “Adding” these roles to other, existing job profiles may therefore be what is feasible in some organizations only. Either way, “integration” of environmental, social and societal (community) initiatives into “one” strategy seems important, with the consequent implications for “following through” (i.e., setting up managerial roles and responsibilities for “all” aspects of that strategy).

Either way, “integration” of environmental, social and societal (community) initiatives into “one” strategy seems important, with the consequent implications for “following through” (i.e., setting up managerial roles and responsibilities for “all” aspects of that strategy).

strategy (i.e., the recognized need to “demonstrate” commitment to environmental, social and societal (community) initiatives to the financial success of the organization), but also business opportunities (i.e., polluting less can mean cost savings; or new technologies can incorporate ener-





gy efficiencies, etc.). Of course, the line between external and internal forces may be blurry, and they may reinforce each other (e.g., being environmentally friendly may, and hopefully does, mean “good business” while helping to meet legal standards at the same time), or sometimes they can go against each other (e.g., when certain environmental initiatives involve extra costs for the organization, and thus, affect financial results adversely, at least in the short term). The short vs. long-term tradeoff, or “vision”, in this regard is ever important to “estimate” the costs and benefits indeed. Some organizations arguably may lack such “vision” beyond the “calculated”, or “calculable”, immediate short-term impact.

Can there be a possible impact on accounting? Sure, environmental, social and societal (community) initiatives (or mandates) will likely change the requirements for the provision of social and environmental management information, including changing external disclosure requirements. Internally, the organization may now want to establish key performance indicators for such things as environmental impact, energy efficiency, etc. Internally, capital project appraisals may need to go (more than is perhaps the norm) beyond the financial, including environmental, social and societal (community) considerations. And shareholders and stakeholders also may want to see reports that include any or all of these data as part of the management information and reporting environment.

And what about the possible impact on accountants? Management accountants obviously will have to design these reporting systems, develop the measurements for them, disseminate the reports, and help interpret and analyse the information with which there might be less familiarity. They will also need to ensure the credibility (reliability) and standardization of any such information, and make sure that actual performances are analyzed against any set targets, and then variances interpreted. Given the stated “integration” of such information into the more conventional reporting environ-



Can there be a possible impact on accounting? Sure, environmental, social and societal (community) initiatives (or mandates) will likely change the requirements for the provision of social and environmental management information, including changing external disclosure requirements.

ment, and perhaps the creation of dedicated management roles as stated above, they will also have to coordinate the information flow among all the relevant parties to support decision-making and reporting. Also, when there are external mandates for reporting (such as for carbon reduction schemes), management accountants will have to run that too, ensuring the delivery of the mandated information in a reliable, conforming and timely manner. ■

Professor Wim A. Van der Stede is CIMA Professor of Accounting and Financial Management at the London School of Economics. He can be reached at: w.van-der-stede@lse.ac.uk. Professor Stede will be a key speaker at the WCOA 2010 plenary session on sustainability and integrated reporting.



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INDIA: Auditors may have to pay investors for fraud by companies

The new Companies Bill could contain a provision that will make auditors compensate retail investors in cases of corporate fraud, a measure aimed at bringing in more accountability into the audit profession, reports *Economic Times*. In a representation made before the parliamentary standing committee on finance, the ministry of corporate affairs has suggested several such measures to restore investors confidence, affected by the alleged involvement of auditors in the Satyam scam. The final version of the bill could also contain a provision empowering regulators to initiate civil and criminal action against auditors/ audit firms, if they are found to be a part of a fraud committed by any company, the report said. It added that the government is also looking to set up an independent body to oversee the quality of audit in the country. The body, being conceived on the lines of the Public Company Accounting Oversight Board in the US, will cut into the authority of the Institute of Chartered Accountants of India (ICAI). The ICAI has opposed the creation of this new body, which is seen as the governments lack of faith in ICAI. While the idea behind the proposal is to raise the accountability of auditors and imbibe greater reliability in corporate accounts, the move is likely to be supplemented with greater authority to auditors to verify financial details provided by companies, it noted. A suggestion in this regard has been made by the parliamentary standing committee, which seeks to give auditors access to financial records of the subsidiaries of companies, which are outside India, and financial data on their transactions. The idea is to draw a balance between accountability and authority. Auditors will be given

greater authority to do their work said an official in the Ministry of Corporate Affairs. ■

EUROPE: G20 progress on financial regulation

Central bank governors and regulators endorsed new global rules recently that will require banks to set aside more capital to withstand shocks, reports *Reuters*. The "Basel III" package is the cornerstone of the Group of 20 leading countries' response to the global financial crisis, which forced governments to shore up the banking system. G20 leaders are expected to approve the reform in November. The report highlighted a list of other G20 initiatives to strengthen global financial regulation. On 'financial supervision', it noted that the G20 called for closer supervision of systemic risk at local and international levels. The United States has decided to set up a council of regulators chaired by the Treasury with the Federal Reserve playing a role. The European Union has approved a measure to create a European Systemic Risk Board (ESRB), chaired by the European Central Bank; it will be in place by January 2011. Three new pan-EU supervisory authorities for banks, financial markets and insurers will work closely with the ESRB from January 2011. On 'derivatives', it said the G20 called for greater standardization and central clearing of privately arranged, over-the-counter (OTC) contracts by the end of 2012 to cut risk. Contracts should be traded on an exchange or other platform where appropriate. US legislation this year put strong emphasis on exchange trading as well as central clearing of contracts, and the rules are now being fleshed out. The EU presented two draft laws on September 15, the first on OTC derivatives and clearing, the second on curbing abusive short-selling; the latter will affect derivatives such as credit default swaps. On 'hedge

funds', the report noted that the G20 agreed hedge funds above a certain size should be authorized and obliged to report data to supervisors. US reforms are in line with the G20 pledge. A draft EU law has gone much further by including private equity groups and restrictions on non-EU fund managers seeking European investors. Approval of the EU measures has been delayed until October. On 'accounting', it said the G20 set a June 2011 deadline for creating a single set of accounting rules, which essentially means thrashing out common ground between the International Accounting Standards Board and the US Financial Accounting Standards Board to give investors greater transparency. "There are significant differences between the IASB and the FASB over accounting for financial instruments, and the two boards said on 2 June that they would not be able to have a full set of common standards by the G20 deadline," it added. ■

SINGAPORE: Critical skills shortage in finance and accounting

Singapore is facing a skills shortage in finance and accounting as demand for high-calibre talent intensifies amid the strong economy. Proactive steps have been taken by employers to address the talent crunch, but with the balance of power in the labour market shifting towards employees, organisations need to do even more to attract and retain the best people. These findings are based on data collected from the Singapore Talent and Skills in Finance & Accounting Survey 2010: Uncovering the Challenges a joint research by recruitment specialist Robert Half and the Association of Chartered Certified Accountants (ACCA). In a release via *PRLog*, it said the survey was conducted in August 2010 and interviewed 1,600 professionals in finance and

accounting across Australia, Hong Kong, New Zealand and Singapore. Of the 428 polled in Singapore, 325 were involved in the recruitment of personnel. A significant 81% of Singapore respondents with recruitment responsibilities believed there was an existing skills shortage in finance and accounting in the country. Almost half of them claimed that the situation was either major (29%) or chronic (11%), indicating the severity of the shortage. The problem is more acute in Singapore and Hong Kong with more respondents reporting the shortage to be chronic than in Australia and New Zealand. The survey also found the skills shortage in Singapore to be most prevalent in the middle management level (63%). However, a sizeable 42% of Singapore respondents said the shortage was most noticeable in the senior management / director level, the highest among the countries polled. Of the competencies perceived to be lacking in finance and accounting professionals in Singapore, management and leadership (65%) skills topped the list, followed by interpersonal skills and or the ability to work within a team structure (63%), communication skills (60%), as well as hands-on experience (45%). Commented Tim Hird, Managing Director of Robert Half Singapore. As the job market continues to tighten, employers in Singapore are facing a serious challenge in locating skilled people to certain jobs, particularly those in key middle to back-end finance and accounting functions. Adding to the problem is the increasing number of professionals leaving the accounting sector for opportunities in other industries. The brain drain is resulting from both pull and push factors, and companies need to seriously re-think their talent management strategies in order to attract and retain good people. ■

IFAC NEWS

THE IFAC UPDATE PROVIDES
SUMMARIES OF IFAC DEVELOPMENTS
OVER THE PAST MONTH.

IAESB RELEASES 2010 HANDBOOK OF INTERNATIONAL EDUCATION PRONOUNCEMENTS

(New York / 23 August 2010) The International Accounting Education Standards Board (IAESB) of the International Federation of Accountants (IFAC) has released the 2010 edition of its Handbook of International Education Pronouncements.

Education Handbook

The 2010 Education Handbook contains the IAESB's suite of eight International Education Standards (IESs), including the Framework for International Education Standards for Professional Accountants (the Framework), as well as three International Education Practice Statements.

"The handbook brings together in one document a comprehensive compilation of standards and implementation guidance in the area of professional accounting education," states Mark Allison, IAESB Chair. "The document will assist those who are responsible for the design, delivery, and assessment of accounting education programmes for professional accountants." The handbook has been updated to include the new Framework document, a revised glossary that includes new terms from the Framework, and minor editorial corrections. The new Framework, which uses a more concise and simplified structure so that first-time readers can readily understand the content, sets out the underlying educational concepts, which the IAESB uses in its publications. These concepts will promote greater consistency in IAESB publications and help make the standard-setting process more

efficient and effective. The new Framework replaces the previously existing Framework for International Education Pronouncements and the Introduction to the International Education Standards documents, which were published in October 2003.

How to Order

The handbook can be downloaded free of charge in PDF format from IFAC's Publications and Resources site: web.ifac.org/publications. Print copies are now available and can be ordered for US\$50.00 plus shipping from the website or by calling IFAC at +1 (212) 471-8722. Discounts are available for students, academics, and individuals living in developing countries, as well as for orders of 10 or more copies. ■

IFAC Consultation Paper Highlights Changing Roles and Employer Expectations of Professional Accountants in Business

(New York / 2 September 2010) The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) released for comment a Consultation Paper, *Competent and Versatile: How Professional Accountants in Business Drive Sustainable Organizational Success*, that highlights how employer expectations of professional accountants in business are expected to change in light of global trends and evolving organizational needs.

The paper analyzes these expectations in relation to eight drivers of sustainable organizational success - what companies need to do to achieve and sustain success in the changing global economic landscape. The drivers were

defined based on an analysis of three long-term trends influencing organizations: globalization, complexity, and technology. The drivers provide the framework for key activities that professional accountants will be expected to perform. These activities are highlighted under the following four roles that form the cornerstones of the services provided by professional accountants: creators, enablers, preservers, and reporters of sustainable value. Previously defined in the proposed PAIB Strategy and Work Plan 2010-12, these roles have received wide support so far.

IFAC PAIB Committee Chair Roger Tabor commented, "This employer-based view of the expectations of professional accountants in business will help accountants prepare for the roles they will be expected to fill in the future. The world is changing, organizational needs are evolving, and professional accountants need to adapt their skills and competences to these changing requirements and circumstances. Our demand-driven approach will enable the global accountancy profession to ensure that its members are positioned to help drive their organization's sustainable performance."

The discussion questions that precede the Consultation Paper ask for feedback on, for example, the usefulness of developing an international competency framework that would cover the roles and domain of professional accountants in business, among other key topics.

To access the Consultation Paper or submit a comment, please visit www.ifac.org/Guidance/EXD-Outstanding.php#ConsultationPapers. Comments on the Consultation Paper are requested by November 30, 2010. ■

After the tough times: *top tips for* *business* recovery

CPA AUSTRALIA HAVE DEVELOPED THE FOLLOWING TIPS TO ASSIST WITH BUSINESS RECOVERY AFTER TOUGH TIMES.

After you have survived the tough times, you should begin to consider preparing your business for recovery. The overriding objective for such preparation should be to position your business for sustainable growth.

This requires maintaining the good practices you may have adopted to manage you through the tough times. In particular, you should maintain a disciplined approach to working capital management, focus on increasing profitability and increasing efficiency.

The following tips provide some suggested strategies to assist with business recovery:

1 Financial health check

Knowledge of the financial health of your business is fundamental to assisting you decide what you can and should do to assist business recovery.

A significant amount of information on the financial health and performance of your business can be gained by analysing your financial statements through financial ratios. The key ratios cover:

- *liquidity*
- *solvency*
- *profitability*
- *management*
- *return on investment*



~~Recession~~
Recovery

Where these ratios are compared against both past performance and similar businesses, this analysis will provide trends and help to identify the current strengths and weaknesses of your business.

2 SWOT analysis

You should undertake a SWOT analysis to determine the current state of your business, what current capacity your business has to recover and what additional capacity may be needed to help your business recover.

The SWOT analysis may highlight weakness or threats that your business did not fully address in tough times (often because your focus was on more significant threats) and other weaknesses may have emerged as a consequence of actions (often necessary action) you undertook to help the business manage through the tough times (such as a running down of stock). In analysing the opportunities and threats, you should:

- *Research customer tastes, so that you can forecast how this may impact on demand for the business's products and/or services*
- *Research how the tough times may be affecting your suppliers and competitors and factor that into your forecasts*
- *Determine what changes may need to be made (including adding capacity to the business, shifting capacity within the business or disposing of excess capacity) to respond to these opportunities and threats.*

3 Review your business plan and rewrite where appropriate

Once you have determined the financial health of your business and completed the SWOT analysis, your business should review its current business plan to ensure that it reflects the business's capacity, the ability to grow that capacity, where you want to take your business (which may be different after tough times) and continued uncertainties that may remain. Important areas to focus the plan on include:



7. Remain focused on improving cash position

During tough times, many businesses were focused on improving their cash position by improving working capital management (such as reducing stock levels, increasing the percentage of sales for cash and decreasing the time debtors take to pay). Such a focus during the tough times may have increased cash reserves and improved profitability. Continuing that focus should add to the business's cash reserves, which could be an important source of finance that can be easily accessed to help fund your plan for business recovery.

- *how to expand the capacity of the business (for example, recommissioning plant or equipment, purchasing new equipment, establishing new premises, taking on new staff etc)*
- *how much such an expansion is likely to cost (both in capital and ongoing expenditure)*
- *How the business is going to pay for such an expansion.*

4 Focusing on innovation and efficiency

During tough times, a business strategy is likely to be focused on maximising efficiency. When a business is in recovery mode, it is likely that these businesses will try to become more innovative but maintain a continued focus on efficiency. Businesses trying to balance 'maximising efficiency' and 'innovation' should seek to motivate innovative behaviour without jeopardising short-term efficiencies. Therefore, business should limit areas of innovation, while empowering staff to search for new opportunities. To ensure that limited resources are focused on the most promising innovations, pre-action reviews of projects should also be undertaken.

5 Take advantage of opportunities

Businesses that find themselves in a strong financial position after a tough time

should consider opportunities to expand, for example, acquiring competitors, opening new locations and/or through capital investment. As tough times can and do affect the entire economy, opportunities may be more favourable during tough times as asset prices may be depressed.

6 Review and revise your marketing plan

Your business should consider reviewing and revising its marketing plan. Such a plan should reflect the likelihood of limited resources continuing to be a restraint on marketing activity (and the possibility that any additional resources are focused on increasing the capacity of the business to meet higher demand). It is therefore important that the marketing plan is focused on assisting your business improve its cash position, profitability and promoting any new (or revived) products and services. A marketing plan for businesses seeking to recover should:

- *Focus on sales that have a high margin and bring in the cash quickly*
- *Reward staff for sales of higher margin products and when payment is received*
- *Avoid discounting, unless it can achieve a better gross profit margin through increased sales volume*
- *Measure the success of each promotional activity or campaign*
- *Encourage customers to pay at the point of purchase or to pay early.*

8 Focus on improving profitability

During tough times, a business is most likely to have been focused on improving its cash position. However, in an effort to improve cash flow, the business may have heavily discounted to encourage customers to pay in cash or to pay their debts early. During the recovery phase such discounts and other incentives should be removed so that your business can also focus on improving profitability.

Another benefit of focussing on profitability is that it builds the retained earnings of your business, creating another internal source of finance your business can access.

9 Funding recovery efforts

Even though many businesses may have found it difficult to access external finance during tough times, a business should not consider itself limited to solely using internal sources of finance during the recovery. Businesses should therefore consider going back to their bank for finance (if funding is needed for business recovery). When considering raising finance from a bank, a business should:

- *Determine the usage and time the funds are going to be required*
- *Be realistic about the amount of funds the business can afford*

- *Determine what level of security the business can offer*
- *Start early – to provide adequate time to compare what is required with what various banks are willing to offer the business*
- *Depending on the amount of financing required, consider using multiple lenders to spread risk.*
- *Please refer to your banker on business loans or refinancing your business.*

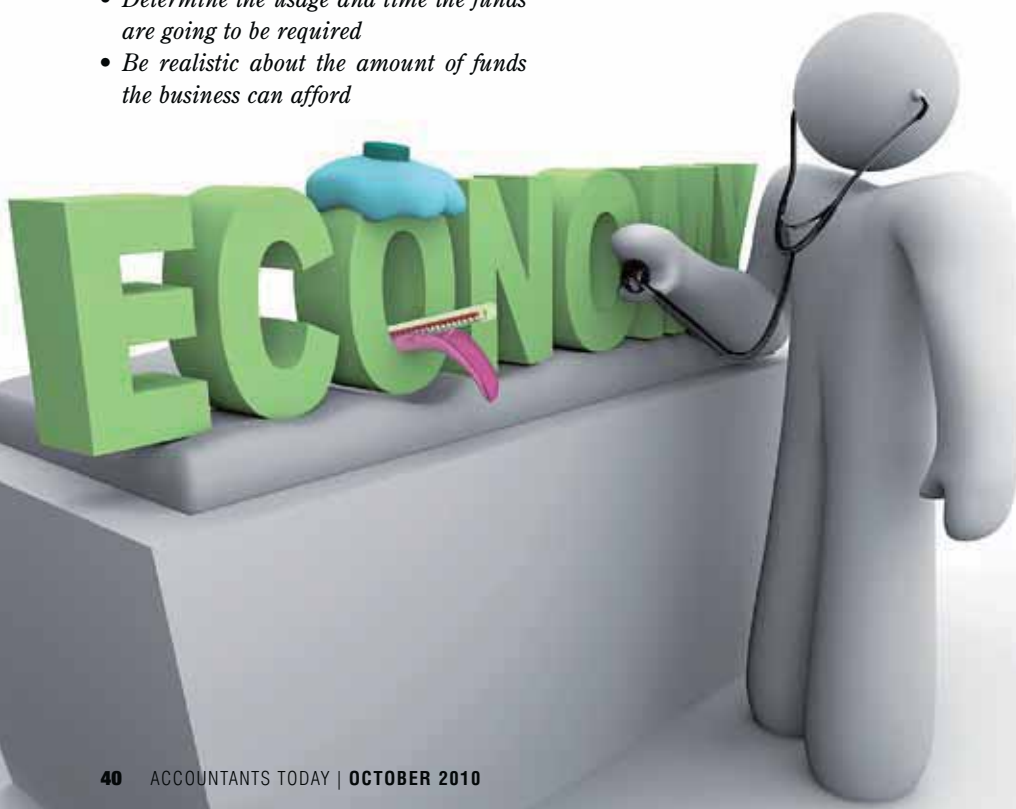
10 Addressing weaknesses in your business

The actions a business may have taken to manage through tough times can have negative consequences that may need to be addressed if the business is going to recover. Activities that may need to be undertaken to address the consequences of actions taken during tough times include:

- *Increase stock – the objective of stock management should be to hold an optimal level of stock. There will be businesses that have run down their inventories to below optimal levels during their tough times to improve their cash position. In such cases, businesses will need to invest*

in new inventory – for a manufacturer this could mean increasing inventory by putting on new staff, recommissioning ‘mothballed’ equipment or even buying a new plant. Such an exercise will mean tying up cash in inventory, so it is important that the business is able to justify through market research and forecasts any expansion in the inventory that it carries.

- *Paying down debt sourced from external sources – business may have sought short term financing at high interest rates to keep their business viable during their tough times. Excess cash or new debt (if it is at a lower interest rate and comparable or longer terms) should be used to pay down such debt.*
- *Broaden the focus of sales – during tough times, businesses may have focused on products or services that turn into cash quickly, which may have resulted in a run down range of product or services or the business not experimenting with new products or services. The business may therefore need to broaden their product and service range to help with their recovery.*
- *Don’t focus excessively on costs – it is not uncommon for businesses to be overly aggressive in their cost cutting during tough times and have to reverse some of those cost cutting measures to be able to begin to recover.*
- *Revisit staffing arrangements – businesses may have reduced staff numbers, reduced working hours and/or implemented a recruitment freeze during tough times. If your research shows that demand for your product and/or services is likely to increase, you may need to recruit new staff.*
- *Beware of a false recovery – it is possible that your confidence may be misplaced and that the tough times will continue. In any forecasting, you should include a scenario of the tough times continuing. ■*



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BRANDING

FOR SUSTAINING PROFESSIONAL FIRMS

21 October 2010 (Thursday), Melia Hotel Kuala Lumpur

"A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well."

- Jeff Bezos

The most important intangible assets of a business are—the company's name, the brand, the symbol, the slogan, the goodwill, and their underlying associations like perceived consistent quality, awareness, customer base and proprietary assets (example: patents, trademarks, etc.).

In the professional service industry, the intangible assets are even more critical to the value of a firm. A strong brand generates word-of-mouth advertising, referrals and improves the value of your firm. A key decision maker who understands this puts significant energy into every detail of the brand and charge enormous premium for the brand created. Over time, this premium is transferable to the next owner based on the acquired goodwill.

This programme aims to provide you hands-on selection on the importance of branding for your firm and how to apply the specific branding techniques for the business' long term growth.

"Investing in brand building is no longer an option; it is a necessity for success. Along with dynamic leadership, innovative work processes and the willingness to embrace new technology, successful branding is an important ingredient in making a brand stand head and shoulders above its competitors."

- Y.A.B. Dato' Sri Mohd Najib bin Tun Abdul Razak
Honourable Prime Minister of Malaysia



OBJECTIVES

This programme would:

- Enable you to identify how a brand and branding affects your firm;
- Help you learn and apply on the critical elements of brand development process and key components to drive a successful branding;
- Ultimately, to instill in you, a brand-focused mindset to drive long-term sustainable growth for your firm to reap the reward of consistent quality service.

METHODOLOGY

Illustrations, using case studies to facilitate.

WHO SHOULD ATTEND

Practitioners, Auditors, Accountants and all other professionals

COURSE OUTLINE

Overview of Branding

- What is a brand and what is branding?
- What is Brand Equity and how it helps to optimise long term growth potential
- Overview of the 4 key components to drive brand equity growth

The Brand Development Process

- Brand positioning development
 - » What is brand positioning and the brand positioning development process
- Brand strategy development
 - » The Marketing 5Ps

The 3 Key Components to Drive Brand Insistence

- Brand accessibility
 - » How easy it is for target customers to interact and engage your service
- Brand awareness
 - » The effort to ensure target customers recognise the existence of your brand or service
- Client engagement
 - » To connect with the target customers functionally and emotionally
 - » This is key to drive client adoption and retention

FOR ENQUIRIES & REGISTRATION, PLEASE CONTACT:

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For further details, visit www.mia.org.my

Insuring against Risk

How can insurance be used to reduce liabilities for professional firms?

Eddie Lee

In today's litigious society, even small mishaps can result in large lawsuits. That's why firms need liability insurance for lawsuits over alleged errors and omissions arising out of service provided to customers, such as claims handling, loss control, financial advice, asset management and product sales. Hence, liability insurance is essential for most companies as it protects the assets of a business when it is sued for something it did (or didn't do) to cause an injury or property damage. Put another way, liability is a concern for businesses because a business is responsible not only for harm and damages done as a direct consequence of doing business, but also as an indirect consequence of doing business.

Regrettably, it's nearly impossible to predict everything that may happen as a result of the use of a firm's business services or products. Liability insurance is thus critical in protecting your interests and the interests of your company. Otherwise, the risks of putting yourself and your business in serious financial jeopardy are limitless.

There are different types of liability insurance which covers businesses. "Liability insurance is a part of the general insurance system of risk financing to protect the purchaser (insured) from the risks of liabilities imposed by lawsuits and similar claims," says Kamilai Muda of Kurnia Insurans (M) Bhd. "Without indemnity insurance, companies expose themselves and run the risk of being sued for all sorts of claims."

General liability protects business owners from a wide variety of negative



possibilities in regards to lawsuits. While some business may be adequately covered by other insurance, other businesses may need additional coverage in order to be adequately protected. As a business owner, it is important to have at least the minimum amount of insurance to cover business needs. This is meant to cover and protect business owners or operators for many different circumstances.

Some of these circumstances may include accidents that occur on the business premises, incidents that occur from using a product sold by the business, as well as covering any contractual liability.

For example, general liability insurance may protect the business if someone slips, falls or trips on the business property. The insurance can pay for the cost of the injury as well as protect the

business owner from financial ruin. It basically covers any events in which the business owner is sued for something that happened as a result of a person's dealing with the business.

It covers not only the business owner in the case of someone suing the business, but also protects others that are on the premises or otherwise have contact with the business. General liability insurance can protect customers, suppliers, delivery people, vendors and visitors to the business property.

Basic general liability insurance coverage also includes bodily injury or damage that occurs at the covered business as a result of an employee's negligence. Therefore, it is imperative that a business owner has at least the minimum required amount of general liability insurance. These insurances are a fundamental need of a business, regardless of size and purpose.

► HOW MUCH COVERAGE IS ENOUGH?

Business owners should first assess the amount of risk associated with their business. For example, a business that manufactures armaments is at a greater risk of being sued than a company that manufactures textiles and would therefore need more liability insurance.

Under a general liability insurance policy, the insurer is obligated to pay the legal costs of a business in a covered liability claim or lawsuit. Covered liability claims include bodily injury, property damage, personal injury, and advertising injury (damage from slander or false advertising). Under the terms of the policy, the insurance company also covers compensatory and general damages. Punitive damages are excluded under general liability insurance policies because they are considered to be punishment for intentional acts.

There is a maximum ceiling amount that general liability insurance will pay during the policy period. Usually these policies also list the maximum amount the insurer will pay per occurrence. For example, if a company has a RM1 million

occurrence cap in its liability policy and it is successfully sued for RM1.5 million, the insurer would pay RM1 million and the company would be responsible for paying the balance of RM500,000.

To cover these types of situations, many companies purchase umbrella liability insurance, which picks up where their general liability coverage ends. Umbrella liability covers payments that exceed their other policy's limits, and provides additional coverage for liabilities not covered in a standard liability insurance policy.

To cover these types of situations, many companies purchase umbrella liability insurance, which picks up where their general liability coverage ends. Umbrella liability covers payments that exceed their other policy's limits, and provides additional coverage for liabilities not covered in a standard liability insurance policy.

Most insurance companies require their policyholders to report as soon as possible any accidents that could lead to a liability claim. The insurer may then require the business owner to document the situation, forward all summonses and legal notices, and cooperate fully in any investigations.

Taking precautions before an accident can help keep your liability and insurance premiums down. Companies must take certain steps to lower the risks of a liability insurance claim by setting a high standard for product quality control, make sure all company records are complete and up-to-date, be sure employees are properly trained and get safety tips for your type of business from your insurance company.

► PROFESSIONAL LIABILITIES

Professional firms should also look into the benefits of directors and officers liability insurance, which is intended to cover the acts or omissions of those in the director or officer position. An entire company should not be held liable for the statements, actions, failure to act, or other mistakes that are the responsibility of an officer or director.

Then there is professional liability which is similar to malpractice insurance. Professional liability insurance pays for claims from the failure to perform the duties expected of a professional. "The professional insurance liability policy protects the policyholder against any claim for damages which may be made against him for breach of professional duty, by reason of any negligent act, error or omission in his professional capacity," says Kamilai Muda.

The purpose of professional liability insurance is to protect those seen as professionals or "experts" in a given field, who may not be protected by general liability due to their expertise. When one is seen as a professional, he is held to a higher standard and is therefore often considered to hold greater liability towards his clients. Consequently, he needs more coverage than that offered by general liability insurance.

Examples of professions that require professional liability are lawyers, accountants and architects. General liability only pays for bodily injury and property damage, so professional liability fills the gap in coverage by paying for errors, omissions, contract disputes, mental anguish and other risks not covered by general liability. It also pays court costs to defend against accusations, regardless of the merit of the accusation.

Most professional liability policies are written on a claims-made basis, which is different than most other insurance policies which are written on an occurrence basis. Occurrence claims policies pay if a loss happens, even if the claim is filed after the policy expires. Claims are paid if the occurrence is in the policy terms. Claims-made policies only pay if the loss occurs and the claim is filed while the policy is in force. ■

Is banking sexy again?

A PLETHORA OF ISSUES ARE KEEPING THE MALAYSIAN BANKING SECTOR IN THE LIMELIGHT AND ON THE RADAR OF INVESTORS.



On the one hand, the long-drawn out take-over of EON Bank by Hong Leong Bank Bhd has reached the courts in a test case of sorts. Then there's market talk that RHB Bank (majority-owned by the Employees Provident Fund or EPF) is poised for a merger with either CIMB Bank or Maybank.

In the midst of all this, there is speculation that the central bank could be looking at taking measures to cap banks' mortgages and personal loans on the premise that it (the central bank) would like to see some cooling of household debt levels. This

has raised concerns that the new rules could put a dampener on banks' loan growth and therefore earnings.

Banking has been increasingly in favour among analysts this year. The sector posted some decent earnings

as of the first half of this year. In the second quarter of the year alone, the combined net profits of Malaysian banks trumped analysts' consensus forecast numbers by almost 6%. In the same quarter, banks enjoyed a 13.5% year-on-year

rise in net interest income – a key indicator of banks' profitability. Loan loss provisioning – the allowance banks make for bad loans – saw a healthy dip of 52.3% year-on-year.

Analysts say that the current operating environment for banks is conducive for loan growth. However, some analysts are turning cautiously optimistic on banks' loan growth, on the back of concerns that the central bank is exploring measures to curb excessive speculation in real estate by imposing a cap on the loan-to-value ratio of 80%. The central bank is also believed to be looking at instating stricter credit card

WHILE some analysts reckon that the mortgage cap will only impact higher-end properties, Kenanga Research in a recent report said if the 80% loan-to-value ratio (LVR) cap for mortgages (as speculated) is implemented, there may be a negative impact on mortgage applications. "We see the implementation of 80% LVR being a real challenge to the industry loan growth over the next six months and could put pressure on retail banks," it said.

and personal loan limits.

These issues are still being trashed out between the banks and the central bank and analysts are as yet unclear if any new rulings will take place and if they do, whether the impact will be significant on the banks. While some analysts reckon that the mortgage cap will only impact higher-end properties, Kenanga Research in a recent report said if the 80% loan-to-value ratio (LVR) cap for mortgages (as speculated) is implemented, there may be a negative impact on mortgage applications. "We see the implementation of 80% LVR being a real challenge to the industry loan growth over the next six months and could put pressure on retail banks," it said.

Meanwhile, merger and acquisition (M&A) activity in the banking sector is heating up, despite the troubles being faced by Hong Leong Bank in its attempt to takeover EON Bank.

Hong Kong-based investment firm Primus Pacific Partners Ltd, is the single largest shareholder of EON Capital Bhd, which in turn owns EON Bank.

Primus, whose entry price into EON Cap was around RM9.55 per share in 2008, has been trying to fend off the acquisition of EON Cap by Hong Leong Bank. Meanwhile, Primus has resorted to instituting legal proceedings against EON Cap's board of directors. The case is ongoing.

Yet another significant banking merger has been talked about recently. It involves RHB Capital, which owns RHB Bank, the fourth largest in the country. RHB Capital's largest shareholder, EPF, is said to be mulling a corporate exercise to pare down its interest in the bank. Apparently, EPF is looking to do this via a merger with another banking giant, which was thought to be AmBank Group, Malayan Banking Bhd or CIMB Group.

It has been reported that the interest from AmBank in this merger is the weakest. AmBank has the Australia & New Zealand Banking Group Ltd as its strategic partner with a 27% equity interest.

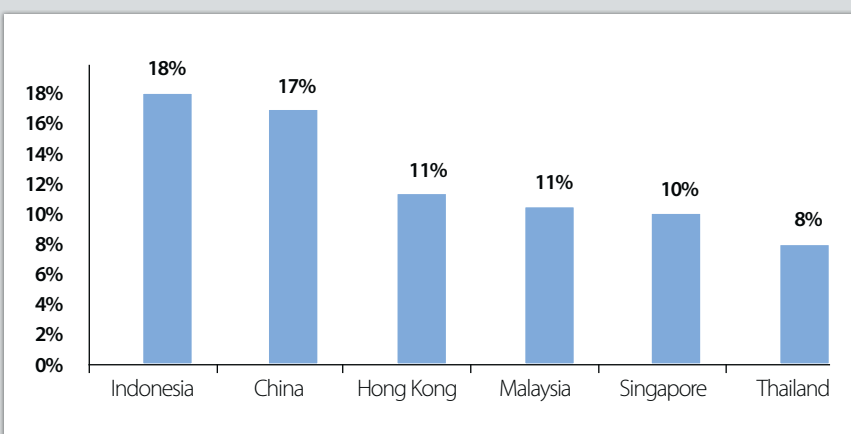
■ Figure 1: Malaysian banks' revenue, earnings and assets by country

Breakdown of revenue/income	Malaysia	Singapore	Indonesia	Hong Kong/China	Thailand	Others
Maybank	72%	11%	11%	—	—	6%
CIMB	61%	—	31%	—	8%	0%
Public Bank	88%	—	—	8%	—	3%
RHB Capital	94%	—	—	8%	—	3%
AMMB Holdings	> 97%	—	—	—	—	—
HL Bank	96%	—	—	—	—	4%
EON Capital	> 97-98%	—	—	—	—	—
Affin	> 97-98%	—	—	—	—	—
Alliance	> 97-98%	—	—	—	—	—

Breakdown of revenue/income	Malaysia	Singapore	Indonesia	Hong Kong/China	Thailand	Others
Maybank	50%	22%	-57%	—	—	84%
CIMB	54%	—	37%	—	1%	8%
Public Bank	93%	—	—	4%	—	2%
RHB Capital	About 94%	—	—	—	—	< 6%
AMMB Holdings	> 97%	—	—	—	—	—
HL Bank	About 96%	—	—	—	—	< 4%
EON Capital	> 97-98%	—	—	—	—	—
Affin	> 97-98%	—	—	—	—	—
Alliance	> 97-98%	—	—	—	—	—

Breakdown of revenue/income	Malaysia	Singapore	Indonesia	Hong Kong/China	Thailand	Others
Maybank	68%	15%	7%	—	—	10%
CIMB	78%	—	16%	—	5%	1%
Public Bank	92%	—	—	6%	—	1%
RHB Capital	93%	—	—	—	—	7%
AMMB Holdings	> 97%	—	—	—	—	—
HL Bank	93%	—	—	—	—	7%
EON Capital	> 97-98%	—	—	—	—	—
Affin	> 97-98%	—	—	—	—	—
Alliance	> 97-98%	—	—	—	—	—

■ Figure 2: Comparison of 2010 loan growth by country



13.5%

Year-on-year rise in net interest income

52.3%

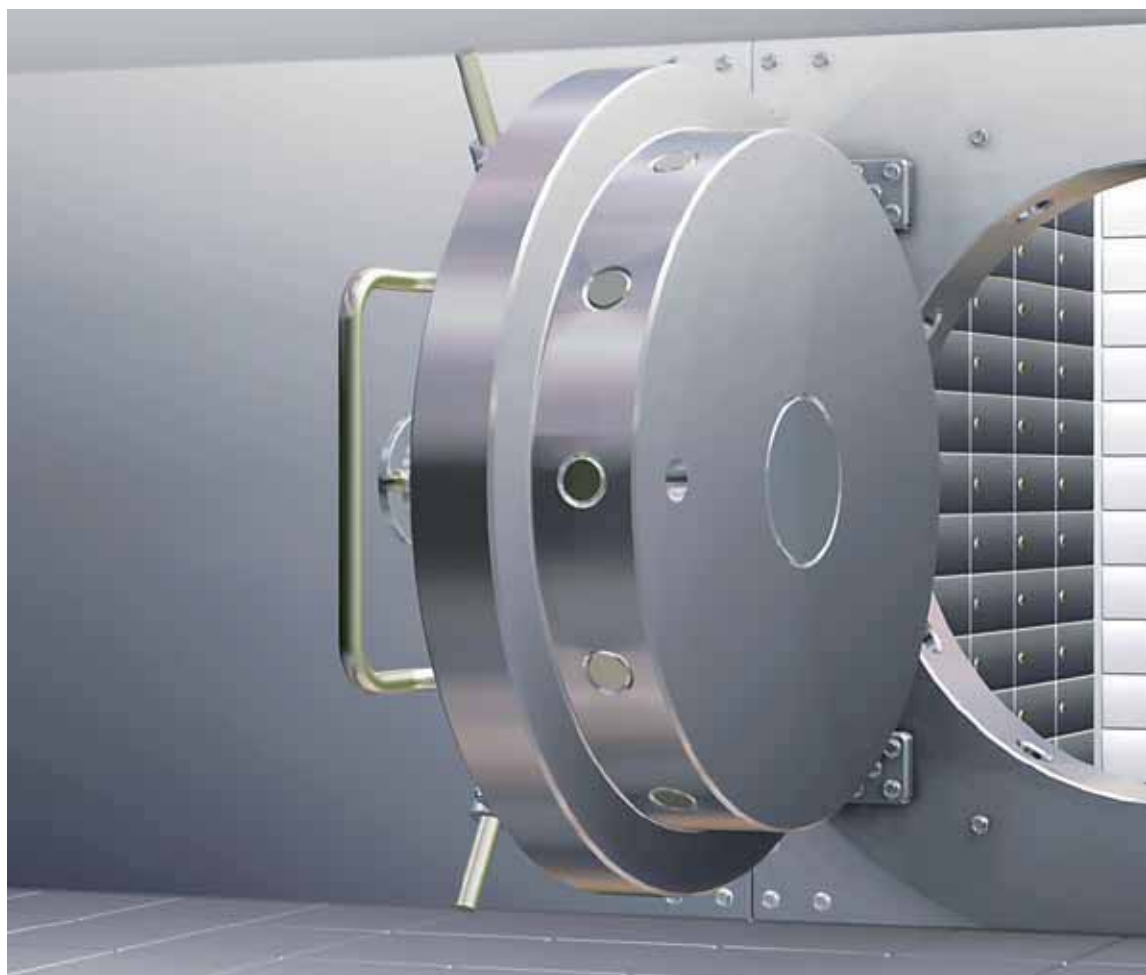
A healthy dip in loan loss provisioning

Nevertheless, even the EPF has denied any merger talks. "There is no truth in the report," EPF spokesman Nik Affendi Jaafar told the media recently. The country's largest pension fund has been struggling to pare down its high shareholding in the banking group to 35% in-line with banking and financial institution regulations.

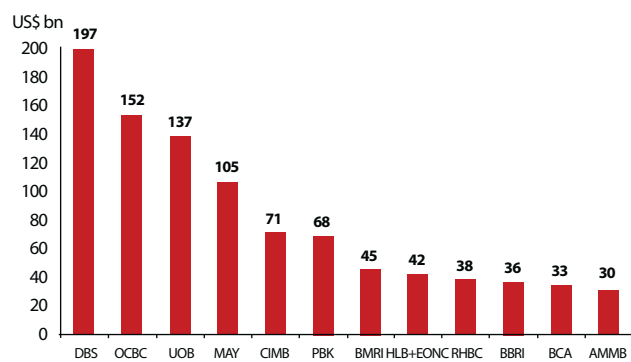
After the EPF's takeover of RHB Cap in March 2007 at RM4.80 a share, it had until June 2008 to reduce its holdings to 35% from 82%. The EPF then sold a 25% stake in RHB Cap to Abu Dhabi Commercial Bank (ADCB) at RM7.20 per share in May 2008, reducing its stake to some 57%. Subsequently, the EPF has been disposing of its RHB Cap shares on the open market, paring its stake to the current 55%. After several extensions, the EPF has until June next year to reduce its interest in RHB Capital to 40% or less. However, analysts said they would not be surprised if the EPF asked for another extension by mid-2011 if it was unable to pare down its stake.

Both Maybank and CIMB could be likely candidates for a merger with RHB Bank, say analysts. According to HwangDBSVickers Research, "The potential emergence of such banking giants in Malaysia could well position these banks on a stronger platform in terms of size and scale compared to the larger top three Asean banks, namely DBS, OCBC and UOB."

The research house points out that Maybank



■ Figure 3: Top ASEAN banks by asset size



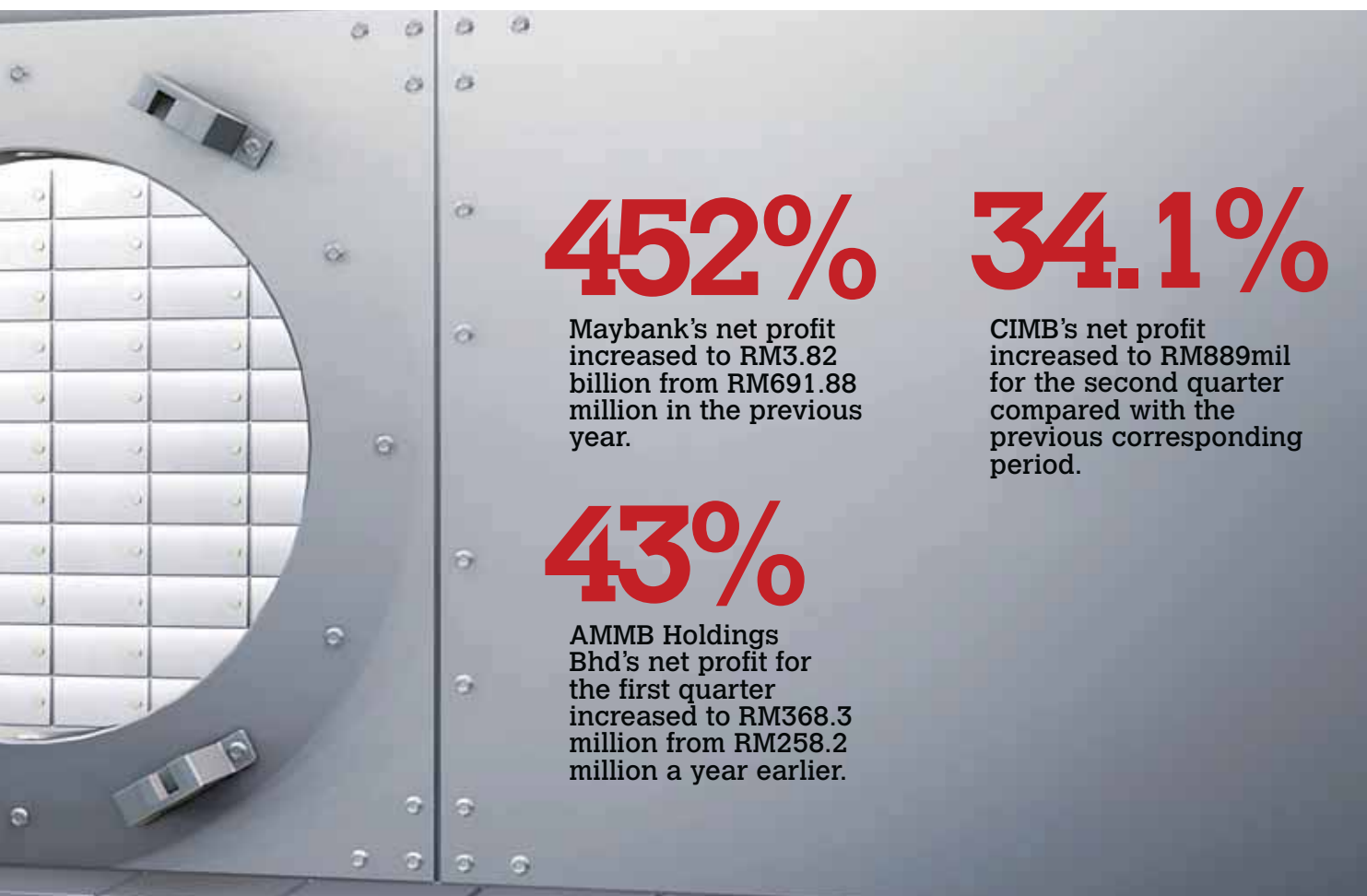
currently ranks fourth by asset size after the three Singapore banks. "Separately, if the Hong Leong Bank and EON Cap merger is successful, the merger will create Malaysia's fourth largest

bank by assets," it pointed out.

Maybank has had a good year and has made some progress in proving the sceptics of some of its recent investment decisions wrong. For

FY10, Maybank's net profit increased 452% to RM3.82 billion from RM691.88 million in the previous year. The results were seen as remarkable as the banking group had posted its biggest loss ever at RM1.12 billion only a year ago, for the fourth quarter ended 30 June 2009. The loss was due to an impairment charge of RM1.73 billion on its acquisition of Bank Internasional Indonesia (BII) and MCB Bank of Pakistan.

CIMB Group Holdings Bhd posted its best three-and six-month performance when it announced its second quarter results on 30 June on the back of a strong rebound



NO wonder analysts are generally bullish about the banking sector. "Banks are clearly the most liquid way to play the recovery in macro growth in addition to gain exposure to the longer-term structural changes that the Prime Minister has outlined in the recently announced 10th Malaysia plan.

in corporate and investment banking, a surge in contribution from PT Bank CIMB Niaga and drop in loan loss provisions. CIMB reported a 34.1% increase in net profit of RM889mil for the second quarter compared with the previous corresponding period. Revenue was up 16.59% to RM3.02bil. For its first half year, net profit grew 35.2% to RM1.73bil while revenue gained 14.9% to RM5.86bil.

AMMB Holdings Bhd's net profit for the first quarter ended 30 June 2010 rose 43% to RM368.3 million from RM258.2 million a year earlier, underpinned by higher revenues from most of its divisions particu-

larly its insurance business. Revenue rose to RM1.7 billion from RM1.6 billion.

No wonder analysts are generally bullish about the banking sector. "Banks are clearly the most liquid way to play the recovery in macro growth in addition to gain exposure to the longer-term structural changes that the Prime Minister has outlined in the recently announced 10th Malaysia plan," says the banking analyst. Another banking analyst added that domestic banks these days are better managed than five years ago and this should provide added growth opportunities for the banks. ■

Time for Flexi-Work

WORKING FROM HOME – ALSO REFERRED TO AS TELECOMMUTING, TELESWORKING, MOBILE WORKING OR WORKING REMOTELY – MAY BE A VIABLE ALTERNATIVE TO THE LONG COMMUTE, INEVITABLE FATIGUE AND DECREASED PRODUCTIVITY, BUT SEVERAL ASPECTS NEED TO BE CONSIDERED BEFORE A PRACTICAL SOLUTION TO FINDING A WORK-LIFE BALANCE CAN BE IMPLEMENTED AND EXPECTED TO WORK.

Majella Gomes

What do you get from a two-hour commute to work, a nine-hour working day, and another two-hour journey home, five days a week? A terminally tired working population. No wonder people are giving up cubicles, promotions, power suits, corporate perks and office gossip – in short, the rat race – for working at home. In their pyjamas. In other words, while people do want to get ahead they don't want to do it at the expense of a balanced lifestyle. On top of that, emerging trends towards frugality and sustainability as the "new normal" are producing people who crave more simplicity and deconstruction in their lives. But a word of caution here: working from home is not for everyone; studies have shown there are some people who actually need an office environment to be productive.

●● RETAINING TALENT

Teleworking is not new. In the US, it began sometime at the end of the 1980s, when an earthquake damaged the offices of the Environmental Protection Agency (EPA), and displaced its workers, who were then allowed to work from their homes. Six months into the arrangement, things were back to normal for the EPA but about 40% of the displaced employees declared that they preferred to work off-site, and as their work performance, regardless of location, did not appear to be significantly compromised, the work from home arrangements continued. The EPA managed to retain its talent, the employees got to work where they wanted, and work carried on without major disruption.

Any employer will tell you that talent is one of the hardest things to find





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these days. Talent comes in many forms but much of it is the result of having been hands-on in a job, and after several years of training, most of the time at the employer's expense. When an employee of several years' standing leaves a job, he or she removes this store of knowledge, and depletes the collective expertise of the firm. Many employees – particularly working mothers – opt out of the workforce because of family commitments, and their companies lose out – but what if these employees could strike a balance between their work and family demands? Their expertise could still be retained, and their commitments accommodated as well.



The EPA managed to retain its talent, the employees got to work where they wanted, and work carried on without major disruption.

It is a good idea to have regular meetings at the primary office location, which can be scheduled during off-peak hours to avoid traffic congestion and the hassle of commuting.



●● WOMEN BENEFIT

Professional qualifications and earning capacity notwithstanding, women still bear the burden of family commitments when it comes to the crunch. They are still the primary caregivers of children and aged parents, but increasingly, they are doing it alone, so now the burden grows ever heavier. Yet, they are still expected to put in a full day's work at the office while balancing myriad personal and professional demands, on somebody else's terms. It's hardly a balanced situation, but if they could at least be offered the convenience of working from a location of their choice, the stress would be considerably less.

Chong Sheau Ching, who founded the teleworking website e-Homemakers 13 years ago, said that when she started, women would do anything that allowed them to stay at home to look after the children while they earned at the same time. Today, the range of services that can be offered by teleworkers is staggering. Carole Dennison, who runs a small law firm in Greenville, South Carolina, has five employees who work from their respective homes. She is the only one who goes into the office every day, although she says that her employees do leave their mobile locations to conduct work, meet clients and socialize when they need to. Working from home, or mobile working, is purely voluntary and undertaken only with the consent of all parties concerned.

"Most teleworkers today are in their 40s, and many of them are at executive or managerial level," she said. "Research has shown that these people do their best work at home, but it is a good idea to have regular meetings at the primary office location, which can be scheduled during off-peak hours to avoid traffic congestion and the hassle of commuting. The employee needs to be able to manage her own time and be focused on the work. There is a certain amount of self-discipline involved." Advocates of teleworking further emphasise that a proper place should be set aside at the remote location where work can be done without distraction or interruption. To maintain an environment of professionalism, there should be as lit-

tle background noise – like barking dogs or crying children – as possible.

●● KEEPING COSTS DOWN

Perhaps one of the biggest advantages of flexible working arrangements – besides maintaining a viable work-life balance – is in the area of costs. This applies equally to employer and employee. When the recession hit, and KPMG was faced with massive cutbacks, it decided to offer its employees a reduced working week with reduced wages of up to 20%. Almost 90% of its affected workforce volunteered for this arrangement, with senior management leading the way. Benefits, increments, promotions and seniority remained the same, however. KPMG found that its talent stayed on, work teams remained intact, and the company was not handicapped in any way when it entered the post-recession period.

British Telecoms (BT) employs as many as 10,000 people who work from home, and it saves the company up to £45 million annually in property, utility, security and energy costs. Like BT, companies which practice teleworking find that instead of having to deal with absenteeism, they have "presenteeism," a pleasant and productive alternative. In general, employees like not having to deal with traffic congestion, the strain of commuting, and the long hours of travelling when they are unproductive. If they

didn't have to leave home to go to work, there would be no need to dress up and go out every day, which inevitably entails costs. With teleworking, travel expenses and clothes bills are reduced.

In some cases, working from home has had a direct and positive impact on the family. Studies have shown that children who have at least one parent working from home tend to spend less time in front of the TV, consume less junk food and have fewer health problems. The mobile workers, on the other hand, tended to take less time off to attend to personal matters, and focused more concerted on their jobs, targets and objectives. With fewer people travelling and producing less carbon emissions, there is less of a toll on the environment too.

●● MAKING IT WORK

As advantageous to all parties concerned as teleworking is, there are a few aspects that need to be considered before any mobile working programme is operationalised. Firstly, any work-from-home programme that intends to provide work-life balance must be undertaken on a purely voluntary basis. The employee has to understand that this is a privilege, not a right, and he/she is under the same obligations as he/she would be in the employer's office.

Similarly, the employer cannot compel the employee to work from home to



Perhaps one of the biggest advantages of flexible working arrangements – besides maintaining a viable work-life balance – is in the area of costs. This applies equally to employer and employee.

The employee has to understand that this is a privilege, not a right, and he/she is under the same obligations as he/she would be in the employer's office.





One item worth a mention is that mobile working works well when workers have attained a certain level of maturity. Not everyone is teleworking-inclined; some actually thrive in an office environment, and need the support of colleagues on a regular basis, to be productive.

Job details should therefore be communicated before the agreement to telework is reached, and proper management and performance evaluation measures of the teleworker should be in place once the project is up and running.



reduce costs, or expect the employee to provide a work-conducive environment where he/she lives. Both parties have to understand that flexible arrangements are to facilitate work, and are not an entitlement. It is in the employer's interests to provide appropriate equipment, and secure data access, if the employee is expected to deal with confidential information. One item worth a mention is that mobile working works well when workers have attained a certain level of maturity. Not everyone is teleworking-inclined; some actually thrive in an office environment, and need the support of colleagues on a regular basis, to be productive.

It should be noted that objectives, targets and lines of authority should be clear at the start of any project that is undertaken by an employee from a remote location. Appropriate resources should be made available, and the employee's skillsets should be equivalent to the task. Employees may have to have different skills in a teleworking environment. Some processes which may have been necessary in an office environment may become redundant within the teleworking context. Job details should therefore be communicated before the agreement to telework is reached, and proper management and performance evaluation measures of the teleworker should be in place once the project is up and running.

●● THE WAY FORWARD?

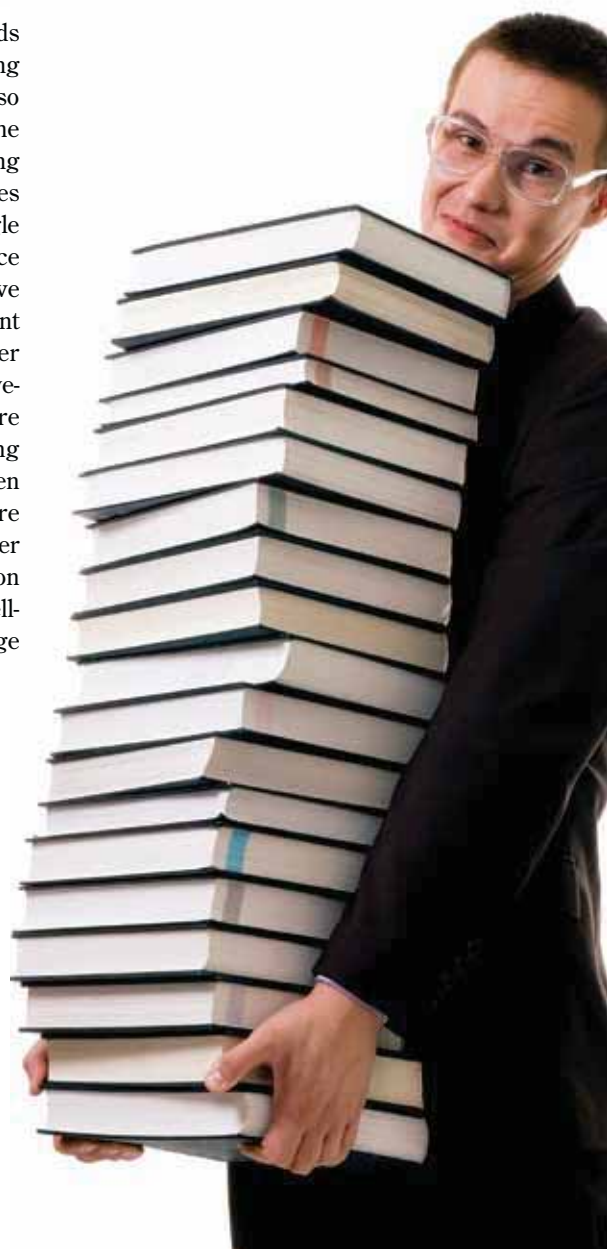
Countries like the UK, US, Netherlands and Switzerland have found teleworking a boon to attaining work-life balance, so much so that the private sector has the government's support for mobile working arrangements, in the form of incentives like childcare arrangements for single parents who need to go into the office part-time, and increased paternity leave for men who want to be primary infant caregivers. Companies, on the other hand, need to maintain their competitiveness and want to retain talent, and so are willing to accommodate the changing demands of their workforce. Both men and women today want to work but are becoming increasingly concerned over the detrimental effect this will have on their family life, health and general well-being. In developed countries, a change of attitude towards work-life balance has brought about innovative arrangements, such as job-sharing and shortened work-weeks without compromising productivity.

Here in Malaysia, there is ample room to promote flexible arrangements to encourage greater participation by women in the workforce. Women are a largely untapped reserve of productivity. Currently, Malaysia's female labor force participation rate stands at only 46 per cent compared with developed countries

where the figure is more than 70 percent.

To mobilise feminine talents, companies should look into adopting flexible policies at the workplace with the help of the latest technologies - such as job-sharing, flexiwork, telecommuting and setting up crèches and childcare facilities - all of which would support women and families. Less rigid job arrangements and ample support would encourage more women to work, thus boosting national productivity and economic growth.

Work-life balance could well be the new competitiveness tool for Malaysia as it strives to upgrade the economy. After all, growth would be stunted if half the population is shut out from work due to rigid work structures. ■



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3, Brickfields, 50470 Kuala Lumpur.



Managing *Generation Y*





EMPLOYERS OF FINANCE PROFESSIONALS NEED TO WAKE UP TO THE NEED TO EMBRACE THE CAREER ASPIRATIONS OF THE YOUNGEST GENERATION AND OFFER THEM DYNAMIC AND EXCITING CAREER ROUTES, OR RISK LOSING FUTURE TALENT.

Jamie Lyon



In a volatile and fluid competitive environment, the one constant seems to be the war for talent. Indeed, human capital is being referred to as the new currency for business worldwide and one of the most critical talent pools is Generation Y. Companies all over the world are aware that to be considered “an employer of choice” by the most recent generation they have to find new ways to attract and retain talent.

However, many organizations are struggling to achieve this. Malaysia is no different as is indicated by critical turnover rates and the ongoing talent crunch, especially among young and mobile finance and accounting professionals here in Malaysia. Indeed, understanding how to retain and capitalise on the potential of Generation Y finance professionals is a key business imperative in Malaysia, where the **2009 Mercer Total Remuneration** survey found that finance jobs are ranked in the top three ‘jobs most difficult to retain’ category.

How can employers lure and keep Generation Y finance talent? *Generation Y: Realising the Potential*, a new research study from ACCA (the Association of Chartered Certified Accountants) and Mercer, the global human resource consultancy offers guidance to baffled employers. Over 3,200 individuals born between 1980 and 1993 from 122 countries around the world responded to the survey, making this one of the largest studies of the youngest generation presently in the workforce.



RECOGNISE THEIR AMBITIONS

The key to successfully integrating Generation Y finance professionals into the workforce is by recognizing and facilitating their career ambitions. At the heart of the story of Generation Y in finance is the idea of dynamic career progression. According to the survey results, Generation Y finance professionals want interesting and exciting careers, either inside finance or, increasingly, beyond mainstream finance roles. They want ambitious, fluid, challenging and continuously evolving career paths.



In addition, lifestyle factors are important in attracting this generation, which does not typically subscribe to the cliché that more success equals more money. These include factors such as work-life balance, convenience of location, and benefits such as access to health clubs and amenities. The research also shows that Generation Y identifies with the organisation's brand and values, and these will affect their decision-making.



For employers, offering an exciting and dynamic career development path is fundamental to attracting, developing and retaining this generation of finance professionals.

Put another way, Generation Y is attracted to organizations that offer interesting roles, learning opportunities and career paths. Organisations need to showcase career paths available both inside and outside of traditional finance roles to attract this generation, and they need to be very clear on how they can deliver on their career promises.

THE X-FACTORS

While money is not the be-all and end-all for Generation Y, it is important, so employers must pitch remuneration and rewards competitively. Surprisingly, Generation Y is also starting to place high value on job security, perhaps a backlash in response to the recent economic downturn. Despite this, employers need to understand that though this generation values job security, they are prepared to leave if career promises are not fulfilled, which links back to the earlier point about Generation Y's desire for challenging and dynamic career progression. Therefore, employers that can offer a stable environment and longer-term career propositions will be well-perceived by Generation Y.

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LET THEM LEARN

Despite their familiarity with virtual technologies, face-to-face learning still resonates with Generation Y and they are less reliant on e-learning than may have been



Despite their familiarity with virtual technologies, face-to-face learning still resonates with Generation Y and they are less reliant on e-learning than may have been previously thought. The survey also found that in developing Generation Y finance professionals, experiential learning is critical. However, to deliver the requisite skills and realise the full benefit, opportunities for experiential learning should be provided in a considered and formal manner; for example, by establishing secondment programmes and rotational activities.



previously thought. The survey also found that in developing Generation Y finance professionals, experiential learning is critical. However, to deliver the requisite skills and realise the full benefit, opportunities for experiential learning should be provided in a considered and formal manner; for example, by establishing secondment programmes and rotational activities. Experiential learning, combined with face-to-face learning interventions, underpins effective career development. The message here is that organisations need to develop a wide range of learning opportunities to effectively engage this generation.

RETAIN OR DIE

Ultimately, employers will want to ensure they can successfully retain Generation Y finance professionals either inside core finance roles, or beyond these functions as broader and well-rounded business professionals. Successful retention is critical because this will deliver a better return on training investment and lower

recruitment costs. Poor retention costs money and also means a significant loss of knowledge for the organisation.

Though the survey suggests that many Generation Y finance professionals are content in their current roles, there are worrying retention concerns: almost one-third of survey respondents indicated they want to leave their organisation at the present time. Their major grievance hinges on the perceived lack of career development, with 50% suggesting they do not currently receive sufficient career opportunities.

The onus is thus on employers to create a compelling career proposition that accommodates the dynamic and upwardly mobile careers prized by Generation Y. Employers must accept that this is an uber-confident generation that wants to be committed to organisations but they appear to be ready and willing to walk away if employers fail to deliver on the promised career trajectory. Generation Y is a demanding generation to manage, but for employers that can offer exciting and dynamic careers, there is a wealth of untapped talent waiting to be unleashed. ■



Malay healing rituals

THE SECRET'S OUT

Long locked in family vaults with recipes and know-how practised and passed down only among close-knit family circles, Malay traditional treatments are now a global player in health, medicine and beauty.

Anis Ramli

When Tanjong Jara Resort first opened its doors in Terengganu, the conspiratorial voices that spoke of the opening centred not so much on the property, but on what went behind its closed spa doors. Equipped with spa facilities of international standards and an ambience that could rival any luxurious spa worldwide, the treatment menu was the one that had guests talking long before the last traces of facial had been wiped off their faces.

Treatments such as the Traditional Malay Massage with locally-brewed oils, a hair crème bath of coconut milk purportedly practised by royal princesses, and a scented body steam hauntingly fragranced with scents of jasmine and rose not only sound exotic, but also mark the debut of Malay traditional treatments in mainstream spa therapies.

Although the Malays make up the largest segment of Malaysia's population, Malay treatments remained relatively unknown outside the families which practise them. These clans tended to guard the knowledge often passed from one generation to another zealously. Documentation of Malay therapies is scarce at best; so are numbers to indicate its growth.

Even today, it's almost impossible to determine the importance and growth of the Malay therapies market except by gauging the recent interest by spas to accommodate Malay therapies. The only data dates back from 1999 that reports the Malaysian market for natural or herbal products, and medicinal plants to be worth an estimated RM4.6 billion, with an annual growth projection of 15-20 per cent.

Malay treatments remained relatively unknown outside the families which practise them. These clans tended to guard the knowledge often passed from one generation to another zealously. Documentation of Malay therapies is scarce at best; so are numbers to indicate its growth.



For Malay therapies, there still remains a vast amount of work needed to be done for it to be a significant contributor to global health. Quality control, efficacy and the safety of the ingredients used need to be researched and documented, as is finding a way to best preserve the knowledge for future generations to benefit.

Malay traditional medicine is generally based on the Arabic Unani medicine and Galenic philosophy. However, it also has influences of Indonesian, Chinese, Indian and *orang asli* (indigenous people) healing practices. While healing arts of Thai and Balinese origin have penetrated the global market, Malay therapies have remained under the radar until perhaps six years ago.

Sairani Mohd Saad, whose family-run business revolves around Malay healing therapies, is not at all surprised. “Nobody thought of bringing Malay treatments mainstream, simply because the common perception was that the treatments are deemed outdated,” she says. Now however, thanks largely to foreign demand for newer and novel healing and spa therapies as well as the Malays’ growing realisation of the importance of promoting and preserving their cultural heritage,

traditional Malay therapies have slowly entered the public realm.

The popularity of Malay treatments of late, she adds, could also be due to the growing ‘green’ movement as well as interest in natural and organic products, which Malay therapies are based upon. Treatments often use medicinal plants, flowers and herbs that are often sourced by the practitioner himself and prepared meticulously by hand.

Today, the World Health Organization (WHO) acknowledges the importance of traditional medicine but also cautions against a market unregulated for its safety of herbal and medicinal plants and the need for empirical research.

For Malay therapies, there still remains a vast amount of work needed to be done for it to be a significant contributor to global health. Quality control, efficacy and the safety of the ingredients used need to be researched and documented, as is finding a way to best preserve the knowledge for future generations to benefit.

“A lot of these remedies are passed down orally from one generation to the next,” says Sairani. “Many healers are not willing to part with their knowledge except to their next-of-kin or an apprentice. Nor are they willing to give their ‘recipes’ away.” So researching, and talking to the locals who practice the art of Malay healing, is a significant part of the evolution process.

Pak Yahya, a prominent Malay healer from Dungun, Terengganu who now shares his expertise with the spa at Tanjong Jara Resort, knows only too well the intricacies of Malay treatments. “It takes many years for one to master the art of healing and not many are cut out for the job,” he explains. Even within his family, he was the only one interested to take up apprenticeship from his grandmother, cataloguing the various treatments and healing rituals by way of memorising.

“It takes patience and sheer perseverance to do this job,” he adds. Even among his family today, none of his children seem inclined to continue the legacy, although a daughter has displayed a minute interest.





When first approached by the resort's spa, Pak Yahya's initial reaction was to deny the offer to help. What changed his mind was the knowledge that the resort's people were genuinely interested to preserve his legacy and bring Malay treatments to a wider audience. "It was important to me that the tradition of healing continues even if my family cannot carry on with it. I am now convinced that there's room for Malay healing traditions to grow and get the newer generation interested in their heritage."

While it is still early days, Malay healing treatments have integrated with modern therapies judging from the number of health centres and spas that include them in their menu. Foremost among these is the pre- and post-natal treatments that are gain-

ing popularity among Malaysians of all races. The Malaysian government too is playing an active role in developing Malay healing practices, having provided research funding for traditional medicine since 1985. And, since 1992, the government has made it compulsory for producers, importers and sellers of herbal products or human consumption to be registered with the Malaysian Ministry of Health. This was seen as a positive step towards regulating the quality, safety and efficacy of the herbal products.

With the ongoing inventorying of herbal and medicinal plants and increased awareness in the various Malay art of healing, Sairani is confident that it won't be long before these therapies are known beyond the shores of Malaysia. ■

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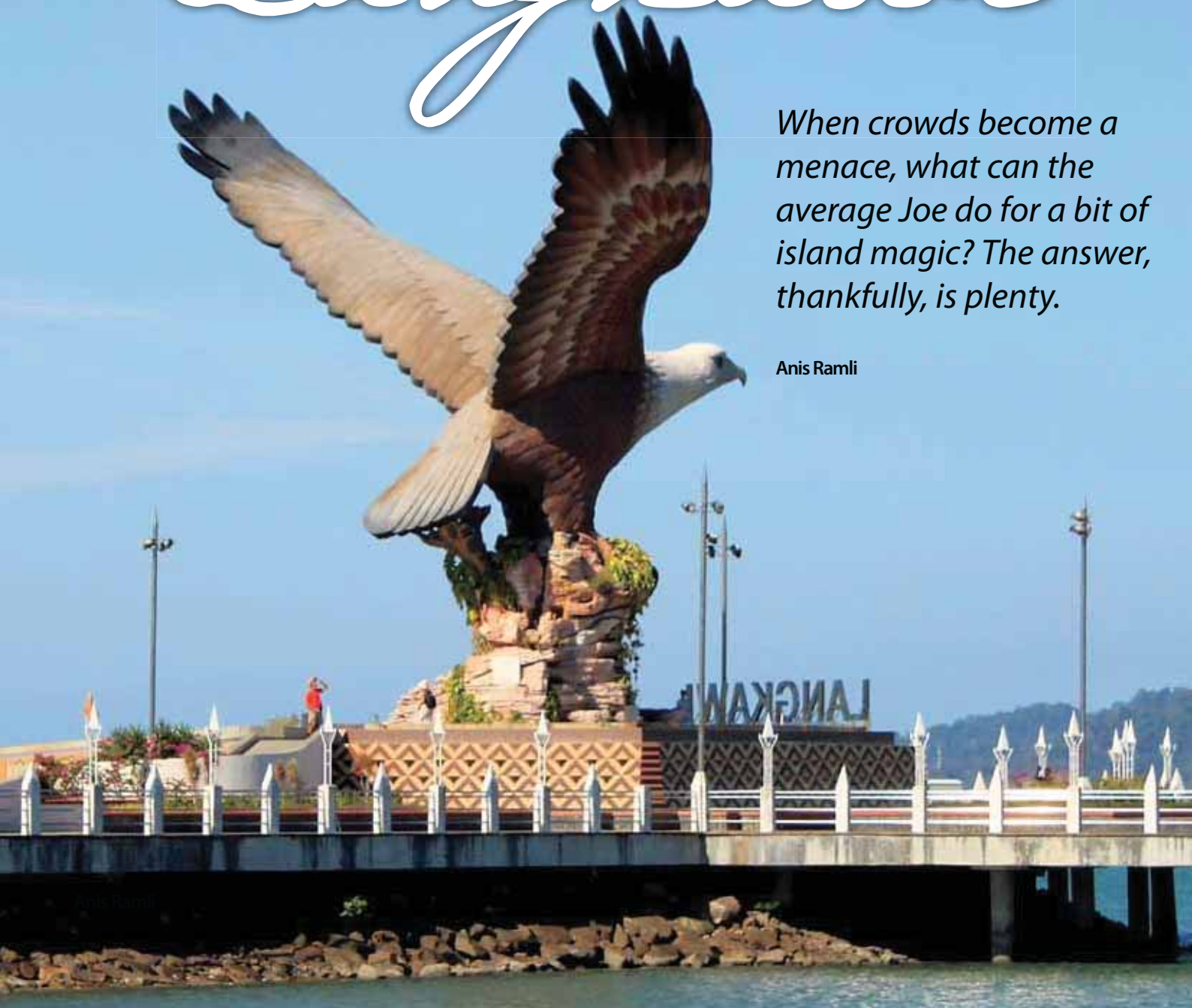
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Lust and caution in. Langkawi

When crowds become a menace, what can the average Joe do for a bit of island magic? The answer, thankfully, is plenty.

Anis Ramli



Langkawi is turning into another Phuket. Sad but true. With its string of hip beach cafes and Crusoe-esque accommodation that pander to the sun-loving, party-hitting crowd, the island looks more and more like a cookie-cutter getaway everyday.

An archipelago of 99 islands, Langkawi is the biggest island among the cluster that lies on the western board of Peninsular Malaysia. With the Andaman Sea lapping at its coasts, Langkawi's beaches are blessed with crystal blue waters and it is the envy of other seaside towns on Malaysia's west coast for its jackpot-hitting beauty.

Apart from the beaches, the estimated two million visitors that make their pilgrimage to Langkawi annually often head for the usual tourist attractions. The UNESCO Geopark for its unique geological heritage, Pantai Cenang for a dip, or snorkeling at Pulau Payar, the island's popular marine park. Others queue up for the cable car ride up Gunung Mat Cincang, pitting nerves against persistence, as the ride crosses stunning ravines and gorges.

While it may seem that Langkawi is drowning in a sea of overzealous tourism products, those in the know can still discover the island's quiet and contemplative soul that have endeared it to locals and long-time fans. For instance, you can't get anymore hedonistic than an early morning dip at Pantai Pasir Tengkorak. Located off the road from Datai Bay, this small stretch of beach, framed by rocky boulders, simply invites pedicured feet to sink themselves into the soft, luscious sand. You'll notice the presence of *wakaf* (wooden gazebos) in the area which means this is not a totally private stretch. But get here before 11 a.m. and you'll relish the experience of a morning swim, exploring the many rock pools, and lazing under the canopy of a two-million-year-old rainforest at the grounds.

A few minutes drive away is the Ibrahim Hussein Museum and Cultural Foundation. One of Malaysia's well-known artists, Ibrahim dedicated this spacious gallery to promote art and cultural appreciation. The building itself is breathtaking; commanding a scenic view of the Andaman Sea. Inside are displayed



**Pantai
Pasir
Tengkorak**

LOCATED off the road from Datai Bay, this small stretch of beach, framed by rocky boulders, simply invites pedicured feet to sink themselves into the soft, luscious sand.



**Ibrahim
Hussein
Museum**

ONE of Malaysia's well-known artists, Ibrahim dedicated this spacious gallery to promote art and cultural appreciation. The building itself is breathtaking; commanding a scenic view of the Andaman Sea.





works by the late artist as well as collected works from other prominent artists both local and abroad. Finding a place like this on an island is truly unexpected, but those who visit have often come away feeling awed and inspired.

Coming out of the area will offer you plenty of options to feast. Langkawi has home-cooked meals that can be found sold by the roadside or in a local mom-and-pop restaurant. There are also the usual cafés and restaurants that offer chic, cosmopolitan fare. However, a stint at Bon Ton Resort's Nam Restaurant should be considered. The fusion menu that includes a tapas-style Nyonya platter for a unique taste of Asian and a mouthwatering Nyonya Laksa is commendable, but truth be told, most come here for the ambience. Surrounded by a freshwater lagoon fringed with coconut trees, the restaurant is part of the Bon Ton Resort, a collection of traditional Malay houses turned villas. The houses display ornate woodcarving typical of old Malay architectural designs that have been lost throughout the years and makes for an interesting afternoon discovery.

Similarly, the grounds are also home to the luxurious Temple Tree boutique resort adjacent. You can also request for a walk-through to view antique homes that range in age between 70 and 110 years old. The collection within the property includes a double-story Chinese farmhouse from Johor, a black and white Malay house from Negeri Sembilan, and colonial bungalows and estate homes from various parts of Malaysia. Each

house reveals beautiful traditional architecture with a mix of modern and vintage chic interiors, and fascinating stories of its previous occupants and history.

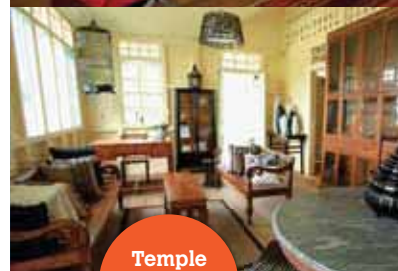
If the luxe life seems too surreal and you need to beam back to reality, you can always take your experience down a notch by having tea with the buffaloes in the afternoon. The roads of Kampung Nyior Chabang are especially worth an exploration, picturesque in its collection of coconut groves, paddy fields and the majestic peaks of Gunung Raya and Gunung Mat Cincang. Head towards the Buffalo Park, an agrotourist farm and café run by Langkawi's Veterinary Services Department, for tea and ice cream. The Buffalo Park rears over 100 Murrah and swamp buffaloes for milk production, and produces its own flavoured milk, yoghurt, ice cream and cheese, which make their way to guests' tables. For the adventurous, ditch the tea and try an exhilarating buffalo ride. Or, for a more sedate excursion, watch the mozzarella cheese being made on-site and pack a box for the road.

End your discovery of Langkawi with a quiet stroll in a private herbal garden. Resident and medical practitioner Dr. Ghani invites guests to his herbal home garden herbwalk@herbwalk-langkawi.com for a two-hour walk where visitors explore and learn the natural healing properties of local plants and herbs. There are over 500 different species of medicinal plants in his collection, each with its own fascinating insight, and guests wind down the tour sipping tea in a traditional wooden *balai*. ■



**Bon Ton
Nam
Restaurant**

THE fusion menu that includes a tapas-style Nyonya platter for a unique taste of Asian and a mouthwatering Nyonya Laksa is commendable, but truth be told, most come here for the ambience.



**Temple
Tree
Boutique**

THE collection within the property includes a double-story Chinese farmhouse from Johor, a black and white Malay house from Negeri Sembilan, and colonial bungalows and estate homes from various parts of Malaysia.

Personal Data Protection Act 2010 (PDPA) No Personal Data Out Without Consent



SAFEGUARD YOUR PERSONAL INFORMATION

After years of waiting, the Government of Malaysia recently passed the Malaysian Personal Data Protection Act 2010 (PDPA). The key objective of the legislation is to regulate the processing of personal data in the context of commercial transactions by data users, and to provide a safeguard for the interests of data subjects.

FACILITATORS

Koh Kek Hoe is an advocate and solicitor of more than 28 years' standing, having been in practice in areas of law relating to business and finance. He is also a consultant to regulatory bodies for implementation of information technology for legal processes. Currently, as partner in charge of Knowledge Management in Messrs Lee Hishammuddin Allen & Gledhill, Kuala Lumpur, he oversees continuing legal education and practical legal skills training programmes

Foong Cheng Leong is a lawyer in Intellectual Property and Information Technology at Lee Hishammuddin Allen & Gledhill. He advises clients, speaks and writes on intellectual property and information technology laws. He is the deputy chairman of the KL Bar Information Technology Committee and a member of the Bar Council Intellectual Property Committee.

OBJECTIVES

To provide an overview of the PDPA 2010 and the impact of PDP on business and industry

COURSE OUTLINE

- Overview of PDPA 2010
- Key terms to be aware e.g. Personal Data, Sensitive Personal Data, Data User, Data Subject, Processing
- 7 Principles of Data Protection
- Registration of Data Users
- Rights of Data Subject e.g. right to access, right to correct personal data
- Offences and consequences
- Transitional provisions
- Steps to be taken now to be in compliant with the Act

METHODOLOGY

Lectures, supported by presentations and a Q&A session

WHO SHOULD ATTEND

- Directors
- CEOs, COOs and GMs

- Accountants
- Auditors and Internal Auditors
- IT Managers
- Business Entrepreneurs
- Lawyers, Company Secretaries and Business Advisors

DATE, VENUE & CONTACT INFO

Date : 19 November 2010
Time : 9:00am - 12:00pm
Venue : Securities Commission, Kuala Lumpur
Contact : Meera Devi
Tel : 03-2279 9360
Fax : 03-2273 5167

PROGRAMME FEE

Member : RM 150.00
Member Firm's Staff or Sponsored Staff : RM 170.00
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How to Make Whistleblowing Work



MAINTAINING EFFECTIVE CORPORATE GOVERNANCE

Whistleblowing is a significant means of detecting fraud and corruption and should be part of a best practice corporate governance framework. The acceptance of this practice has already witnessed some Malaysian companies integrating it into their internal policies and systems. How about yours?

FACILITATORS

David Lehmann leads the Malaysian Deloitte Forensic practice. He is experienced in fraud and corruption investigations, risk mitigation reviews, risk assessments; implementation of whistleblowing systems, physical security risk strategy; code of conduct and government investigation functions reviews, and Foreign Corrupt Practice Act (FCPA) due diligence projects.

Dione Schick is a Certified Fraud Examiner and a qualified Chartered Accountant with more than twenty years of experience in financial forensic investigation services. She is currently heading the Deloitte Tip-offs Anonymous™ Whistleblowing for Singapore and South East Asia.

Woo Wei Kwang is a partner and head of the Employment Practice Group of Wong & Partners. He has advised extensively on employee migration, legal risk management and Malaysian immigration issues.

OBJECTIVES

Participants will:

- Be provided an overview and understanding of the whistleblowing
- Understand the legal implications of whistleblowing
- Understand what makes a best practice whistleblowing mechanism
- Learn how to successfully implement and operate an effective whistleblowing system

COURSE OUTLINE

- Introduction: History of Whistleblowing
- Legal Aspects of Whistleblowing
- Best Practice and Mechanism
- Operation and Implementation System

METHODOLOGY

Lectures, supported by presentations, interactive group discussions and a Q&A session

WHO SHOULD ATTEND

- Directors
- Chief Executive Officers
- Chief Financial Officers

- Accountants
- Auditors and Internal Auditors
- Managers and Executives
- Anyone in the organisation

DATE, VENUE & CONTACT INFO

Date : 25 November 2010
Venue : Ten on Call, KLCC
Contact : Vithyaah
Tel : 03-2279 9362
Fax : 03-2273 5167

PROGRAMME FEE

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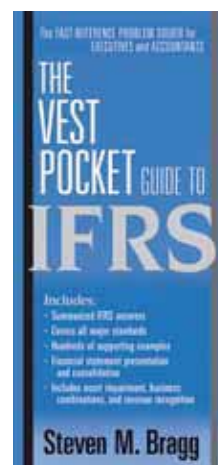
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2010 CALENDAR OF MIA PROFESSIONAL DEVELOPMENT CENTRE (MPDC) TRAINING PROGRAMMES

LOCATION	DATE	PROGRAMME TITLES	SPEAKER	VENUE	FEE (RM)	CPE Hours	REMARKS
November 2010							
Klang Valley	1 & 2 November	Public Practice Programme	Various Speaker	Crystal Crown PJ	850	16	
	2 & 3 November	Applying the Clarified ISAs in Audits of Financial Statements – The Practical Approach Series - Module 1	Ramesh Ruben Louis	Melia Hotel KL	700	16	
	15 & 16 Nov	Risk Based Auditing for Projects	Ramesh Ruben Louis	Concorde Hotel KL	700	16	
	15 & 16 Nov	Business Writing: Write for Results	Lum Woon Foong	Hilton PJ	900	16	HRDF Claimable
	18 & 19 Nov	Corporate Tax Responsibilities of Director and Employer	Vincent Josef	Concorde Hotel KL	900	16	HRDF Claimable
	19 November	Personal Data Protection Act 2010 (1/2 day Programme)	Foong Cheng Leong & Koh Kek Hoe	Securities Commission KL	150	4	
	22 November	Enhancing Company Values	Ooi Kok Hwa	Concorde Hotel KL	500	8	HRDF Claimable
	22 November	Managing Taxes in the International Market	Harvinder Singh	Melia Hotel KL	480	8	HRDF Claimable
	22 & 23 Nov	Practical Accounting Principles and Practices	Kenneth Tam	Armada Hotel PJ	900	16	HRDF Claimable
	22 & 23 Nov	Accounting & Tax Treatment for Non-Current Assets	T. Tharmaseelan	Armada Hotel PJ	800	16	HRDF Claimable
	22 & 23 Nov	Budget & Variance Analysis Modelling for Accountants	Kok Lee Lan	Training Choice KL	1,100	16	HRDF Claimable
	22 & 23 November	Updates of FRSs 2010 New and Revised FRSs, Amendments, IC Interpretations and The New Bursa Listing Requirements	Woon Chin Chan & Tan Liong Tong	Concorde Hotel KL	1,000	16	HRDF Claimable
	22 & 23 Nov	Module 1: Shariah Aspects of Business and Finance	INCEIF	Hotel Istana KL	tba	16	HRDF Claimable
	23 November	Practice Continuation & Partners' Dispute Resolution	Gary Chow & Johnny Yong	Concorde Hotel KL	500	8	
	23 & 24 November	Practical Audit Training Series-Intermediate Level	Ramesh Ruben Louis	Melia Hotel KL	800	16	SMECorp Subsidised
	24 November	Mastering FRS on Financial Instruments: Accounting for Financial Instruments-Equity Securities (FRS 139, FRS 7 & IFRS 9)	David Meow	Impiana Hotel KLCC	500	8	HRDF Claimable & SIDC Accredited
	24 & 25 November	Accounting for Construction Contracts, Property Development Activities & Borrowing Costs	Lim Geok Heng	Melia Hotel KL	850	16	HRDF Claimable
	24 & 25 November	Implementing Quality Control - Incorporating ISQC1 and Practice Review Findings	Lim Seong On	Hilton PJ	650	16	SMECorp Subsidised & HRDF Claimable
	24 & 25 Nov	Fundamental of Budgeting & Cash Flow Forecasting	Kenneth Tam	Hilton PJ	900	16	HRDF Claimable
	24 & 25 Nov	Essentials of Business Planning and Budgeting	Kenny Tay	Hilton PJ	800	16	HRDF Claimable
	24 & 25 Nov	Financial Instruments : FRS 139, FRS 132, FRS 7 & IFRS 9 - A Practical Approach	Danny Tan	Concorde Hotel KL	1,050	16	HRDF Claimable
	25 & 26 November	Preparation of Group Accounts	Woon Chin Chan & Tan Liong Tong	Armada Hotel PJ	1,000	16	HRDF Claimable
	25 & 26 Nov	Tax Planning for Employers & HR Managers	Krishnan KSM	Melia Hotel KL	800	16	HRDF Claimable
	25 November	How To Make Whistleblowing Work	David Lehmann, Dionne Schick & Woo Wei Kwang	Ten On Call, KLCC	500	8	
	25 & 26 Nov	Effective Corporate Presentation that Speaks to the Management	Amelia Ng	Training Choice KL	1,100	16	HRDF Claimable
	25 & 26 November	Audit Evidence	Janise Lee	Parkroyal Hotel KL	800	16	SMECorp Subsidised & HRDF Claimable
	25 & 26 Nov	Best Practices of Stock Taking and Variance Management	Teo Kim Soon	Parkroyal Hotel KL	800	16	HRDF Claimable
	26 Nov	Managing Value of Assets (FRS 136, FRS 139, FRS 112, FRS 102, FRS 111, FRS 5)	Danny Tan	Concorde Hotel KL	580	8	HRDF Claimable
	29 November	Valuation Analysis and Influential Indicators Application	Ooi Kok Hwa	Concorde Hotel KL	500	8	HRDF Claimable
	29 & 30 Nov	Presentation of Financial Statements & Disclosure Requirements	Danny Tan	Parkroyal Hotel KL	1,050	16	HRDF Claimable
	29 & 30 Nov	Module 2: Islamic Banking Practices	INCEIF	Hotel Istana KL	tba	16	HRDF Claimable
Northern Region	18 & 19 November	Effective Corporate Presentation that Speaks to the Management	Amelia Ng	PSDC Penang	1,100	16	HRDF Claimable
	22 & 23 November	Comprehensive Update on FRSs 2010 (Amendments and with New IC Interpretations)	Danny Tan	E & O Hotel Penang	1,050	16	HRDF Claimable
	25 & 26 Nov	Business Writing: Write for Results	Lum Woon Foong	Traders Hotel Penang	900	16	HRDF Claimable

2010 CALENDAR OF MIA PROFESSIONAL DEVELOPMENT CENTRE (MPDC) TRAINING PROGRAMMES

LOCATION	DATE	PROGRAMME TITLES	SPEAKER	VENUE	FEE (RM)	CPE Hours	REMARKS
November 2010							
Southern Region	15 & 16 November	Integrating Financial Data and Reports Presentation for Accountants	Kok Yee Lan	The Puteri Pacific JB	1,100	16	HRDF Claimable
	25 & 26 November	Risk Management for Accountants	Dr. Joseph Eby Ruin	Grand BlueWave Hotel JB	850	16	HRDF Claimable
	29 & 30 Nov	Understanding Goods & Services Tax (GST) in Malaysia - Are You Ready?	P.Nadarajah	Mutiara Hotel JB	900	16	HRDF Claimable
East Malaysia	18 & 19 November	Essentials of Business Planning and Budgeting	Kenny Tay	Grand Margherita Hotel Kuching	800	16	HRDF Claimable
	29 & 30 November	Highlights of Newly Issued, Revised & Re-drafted Clarified Standards	Janise Lee	Shangri-La Tg Aru Resort & Spa, KK	800	16	HRDF Claimable

LOCATION	DATE	PROGRAMME TITLES	SPEAKER	VENUE	FEE (RM)	CPE Hours	REMARKS
INFORMATION TECHNOLOGY							
	16 November	Microsoft PowerPoint 2003 (Fundamental & Intermediate)	tba	PentaWise Sdn Bhd	150	8	
	15 November	Microsoft PowerPoint 2007 (Fundamental & Intermediate)	tba	PentaWise Sdn Bhd	150	8	
	29 November	Microsoft PowerPoint 2003 (Advanced)	tba	PentaWise Sdn Bhd	170	8	
	30 November	Microsoft PowerPoint 2007 (Advanced)	tba	PentaWise Sdn Bhd	170	8	
	15 & 16 Nov	Microsoft Word 2003 (Fundamental & Intermediate)	tba	PentaWise Sdn Bhd	250	16	
	23 & 24 Nov	Microsoft Word 2007 (Advanced)	tba	PentaWise Sdn Bhd	270	16	
	25 & 26 Nov	Microsoft Access 2003 (Advanced)	tba	PentaWise Sdn Bhd	410	16	
	29 & 30 Nov	Microsoft Access 2007 (Advanced)	tba	PentaWise Sdn Bhd	410	16	
	3 & 4 Nov	Microsoft Excel 2003 (Fundamental - Intermediate)	tba	PentaWise Sdn Bhd	250	16	
	1 & 2 Nov	Microsoft Excel 2007 (Fundamental - Intermediate)	tba	PentaWise Sdn Bhd	250	16	
	25 & 26 Nov	Microsoft Excel 2003 (Advanced)	tba	PentaWise Sdn Bhd	300	16	
	23 & 24 Nov	Microsoft Excel 2007 (Advanced)	tba	PentaWise Sdn Bhd	300	16	
	1 & 2 Nov	Microsoft Project 2007 (Fundamental – Intermediate)	tba	PentaWise Sdn Bhd	520	16	
	1 & 2 Nov	Microsoft Web Expression	tba	PentaWise Sdn Bhd	450	16	
	22 November	Microsoft Office 2007 upgrade	tba	PentaWise Sdn Bhd	180	8	
	15 November	Data Management with Pivot Table using Microsoft Excel 2003	tba	PentaWise Sdn Bhd	400	8	
	3 & 4 Nov	Tasks Automation with Microsoft Excel 2003 Macro / VBA	tba	PentaWise Sdn Bhd	800	16	
	29 November	Expanding Microsoft Excel 2003 Charts	tba	PentaWise Sdn Bhd	350	8	
	22 November	Analysing Financial Data with Microsoft Excel 2003	tba	PentaWise Sdn Bhd	500	8	
	18 & 19 Nov	Microsoft Excel Functions & Formulas 2003/2007	tba	PentaWise Sdn Bhd	800	16	



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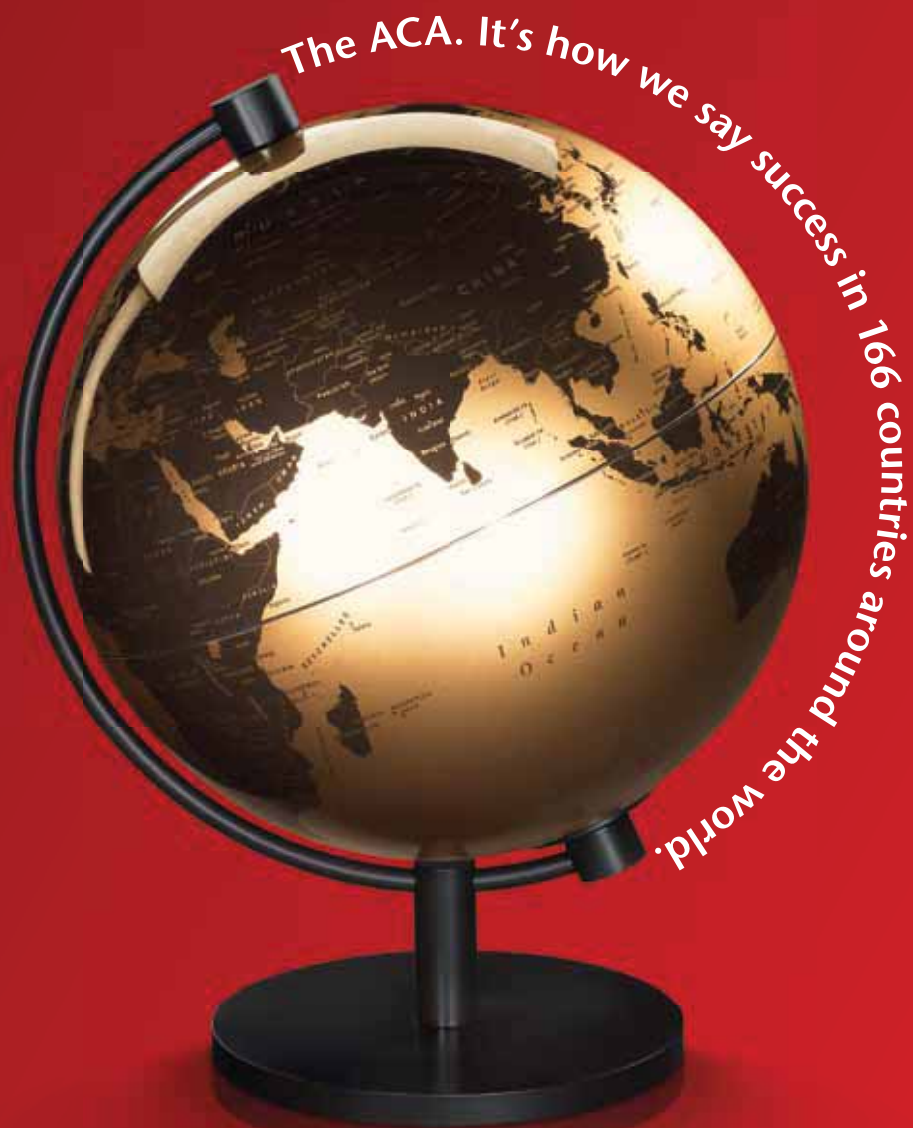
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SEMINAR HIGHLIGHTS

- **2011 Budget Proposals**
- **GST: Latest developments in the world of GST**
- **Case law and the business: An analysis of selected recent tax cases and their implications on businesses**
- **Tax trends affecting corporations : challenges and opportunities – Tax considerations for cross border projects and the experience from projects in Indo China**

Venue / Date : Shangri-la Hotel Kuala Lumpur, 26 October 2010
Grand Paragon Johor Bahru, 2 November 2010

Time : 9.00 pm to 5.00 pm

Fee : RM450 per participant (each location)
RM400 per participant (each location) for a group of 3 participants or more / BDO clients and alumni

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For seat bookings and further enquiries, please contact Ms. Tang at +603 2616 2938 / tangww@bdo.my or Cik Noriati at +607 331 9815 / nabdjamal@bdo.my. For further information, please download our brochure at www.bdo.my

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